

**MINUTES OF THE MEETING OF THE ADVISORY GROUP ON QUALITY OF AGRICULTURE PRODUCTION –
MARCH 10, 2010**

1) Approval of the agenda and the minutes of meetings held on 6 July 2009 and 9 October 2009

The agenda and the minutes were approved without further comments.

2) Strategic agenda of the Advisory Group on “Quality of Agriculture Production” 2009 - 2011

The document was presented by the President, Mr. Rieke. OriGIn asked for two words at the end of the last paragraph on the commitments to be added: “...and increase the well-deserved reputation, protection and promotion of EU quality products.

3) Presentation of the results of the study “value of agricultural production under PDOs and PGIs”

The Commission presented the results of the study. The objective is to create a database which provides information on the value, volume and trade of PDOs and PGIs. Main results of the database covers 820 protected agriculture and food products registered before January 2009. Wine and spirits are not included. The data was collected partly via national authorities, partly via producer groups. The survey was quite thorough with data received on 91,5% of PDOs and PGIs. The accuracy of the results is of course limited due to lack of data and in some cases its reliability.

The results show a total value of production of €14, 2 billion in 2007 with a certain growth registered both in 2006 and 2007. PDOs account for merely 35,8% of the total volume but for more than half of the value (and of the number of products). The value of GIs is somewhat higher than that of bio-production, the latter however showing a faster growth.

In terms of marketing, most of the value of the GIs come from products sold in the country of origin (82% of value), some 13% in other Member States and 5% in third countries.

As regards geographical distribution, there is huge concentration as only six Member States (IT, DE, F, UK, ES, GR) share 96% of the value. Furthermore, the number of PDOs and PGIs is not in correlation with the turnover, Portugal being an extreme case in this regard.

The most important categories are cheeses (37%), meat products (16%) and beers (20%) which together account for 73% of the value. The global turnover is concentrated on a very limited number of PDOs and PGIs, the first three accounting already for 21%.

In respect of next steps, the Commission indicated that a summarising factsheet would be published shortly. The potential future integration of wines and spirits into the database and the possibility of yearly updates were also mentioned.

In the discussion that followed, in particular COPA COGECA insisted on the need to obtain more detailed data in order to have a better understanding of the margins involved. Producer representatives further explained that a lot of producers believe production will not attend the expected volumes this year and requested further support for smaller PDO/PGI producers. The

Commission replied that would require a more thorough analysis but it is not excluded to have detailed data on each PDO and PGI separately in the future.

It was stated that the findings regarding the relation between bio-products and geographical indications were not applicable to Austria which has a saturated bio-market and a growing market for GIs. BEUC requested fiscal data regarding GIs.

CELCAA asked what the major target markets in third countries are and what kind of image people abroad have of European PDOs/PGIs. A comparison of PDO/PGI prices and margins with regular products was also solicited.

The Commission replied that EU exports of GIs have a value of approximately €700 M half of which are accounted for by cheeses, followed by beers, fishery products and finally fruit and vegetables. It was further explained that the study did not include the distribution level so that no information can be given on taxation. The data used in the study refers to the dispatch stage (stade d'expédition).

CELCAA stressed the different steps which contribute to the total value of a product and said that there was actually a lot of added value involved at primary level so that there is no need for producers to blame the wholesale sector.

The President concluded this agenda point by stating that concrete action would follow after the impact assessment, with possible amendments to regulation 510/2006.

4) Follow-up of the Communication on agricultural product quality policy of 28 May 2009

With respect to the timetable, the Commission explained that legislative proposals should be adopted by the end of 2010, with prior confirmation by the new Commissioner required. Dialogue with stakeholders and impact assessments are taking place until June 2010.

CELCAA remarked that if Commission requires quantitative data, such request should be sent out as early as possible.

There were several comments concerning origin labelling. The President noted that the matter is now discussed in the context of the food information proposal, in the framework of the Quality Communication as well as within the High Level Group. The Commission assured the participants that DG AGRI is following the developments on the food information proposal and confirmed the impact any decision taken by the European Parliament on its policy. It was criticised that DG SANCO would have confused country of origin and place of farming labelling so that an impact assessment would be desirable in any case. The Commission reminded that an impact assessment on place of farming was already carried out before the adoption of the Communication in May 2009. The French Chamber of Agriculture made reference to the Communication on the Functioning of the Food Chain in which labelling is considered to hinder integration.

The Commission stressed that the current Commission is brand new and still has to find its own policy orientation. With regard to place of farming, one should at least wait until the vote in the ENVI Committee before the issue is further discussed. The President noted that discussion will continue in May at the next AG meeting.

4.1. Guidelines for Certification Schemes

The Commission started the presentation on this item by encouraging all the participants to provide input to the guidelines. For now, work is still in progress and the Commission is open to all suggestions. Many stakeholder comments have already been integrated into the draft.

In view of the increasing number of certification schemes, the potential threat to the functioning of the internal market cannot be ignored. The objective of the guidelines is to highlight good practice in the operation of certification schemes so as to avoid consumer confusion and increase transparency, reduce the burden on farmers and producers and ensure compliance with internal market rules and principles. The guidelines should apply to all certification schemes covering agricultural products, foodstuffs and production processes thereof.

A key requirement for all schemes should be clarity and transparency meaning that the scheme specification should be clear, detailed and easily understandable. Furthermore, objectives and advantages of the scheme must be clearly set out. All claims connected to a scheme shall possess a verifiable scientific underpinning and refer to relevant existing standards or legislation where applicable. The Commission stressed that schemes relating to food safety cannot claim that such products are safer than products fulfilling minimum legal requirements. The guidelines also contain detailed recommendations concerning the certification process and controls. Mutual recognition and benchmarking are also addressed. However, if mutual recognition is pushed too far it might lead to incompatibility with competition law, the Commission added.

Regarding the different policy areas, it was mentioned that more detailed guidelines could be developed in a modular form for some of them in the future.

During the discussion, CELCAA underlined the need to differentiate between business to business (B2B) and business to consumer (B2C) schemes. Mention was made of schemes not being open to all wholesalers and the consequent need of mutual recognition. CELCAA further noted that an independent approach is required in terms of control to avoid discrimination. To this end, an EU wide harmonised system for control bodies could be conceivable. In response, the Commission stated that Regulation (EC) NO. 765/2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products came into force on 1 January 2010.

Several participants pointed out with respect to carbon footprint that CO₂ should not be seen as a unique symbol of climate change as the issue is much more complex than that. It was also asked how implementation of schemes could be ensured and what were in fact the problems relating to competition law. The Commission explained that harmonisation of schemes might be considered cartel-like behaviour.

The association of organic farmers noted the absence of control of internal quality systems in the document.

COPA/COGECA noted that some elements in the draft guidelines are explained in too big detail (e.g. part 6) while others are too general. It is important to make a distinction in the classification of labelling and certification schemes in the annex. COPA/COGECA highlighted that schemes should be transparent in their objectives and content.

Eurocommerce asked for the inclusion of system certification which is not included in certification schemes related to processes. In contribution to the discussion on carbon foot print, reference was made to a recent French law in this field, which would make the assessment of the environmental performance of products and relevant information to consumer mandatory as from January 1, 2011.

The issue of WTO compatibility was also raised. The Commission assured that developments in the SPS and TBT Committees are being monitored and considered in the guidelines. The question would be whether there should be a specific section on international considerations.

In summary, there was consensus among the participants in that certification schemes should not limit free trade and be of a voluntary nature. Furthermore, participants supported the idea of a benchmarking certification requirements under the schemes with official control requirements and to have mutual recognition of similar elements checked .

The Commission noted that further comments in writing are welcome till the end of March, 2010.

4.2. Impact assessments on

Geographical Indications (GIs):

The Commission first reminded the participants of the purpose of impact assessments which are technical analysis used to substantiate legislative proposals. An impact assessment consists of an economic, social and environmental part and should always identify the problems and define options to attain the desirable objectives.

The main identified problems of the current system are a lack of transparency, producer income, the diversity of systems, the duration of the registration procedure as well as issues relating to intellectual property rights (IPR). At present four policy options remain. The first one is an “ameliorated status quo” with clarified rules on notably IPR and harmonisation of the 4 GI systems either by way of legislative fusion or simply a common register. The specificities of each sector would remain untouched. This option would also bring along the fusion of PDOs and PGIs which the Commission justifies with the incapacity of most consumers to distinguish between the two schemes. Options 2 and 3 consist in developing alternatives to the European system at national level either in parallel to or instead of registration at EU level. The last option is the replacement of the GIs by a trademark system.

Further work is needed in particular as regards the labelling of GI ingredients and the use of GIs as ingredients, the criteria for generic names and the “gap” in Art. 14 (2) Regulation (EC) 510/2006.

The Commission also explained that the complexity of the EU quality schemes causes difficulties when negotiating with third countries.

The Commission seeks input on these and possible alternative options. If stakeholders wish to maintain a separated regime for the different products valid arguments and information on the impact of a fusion should be given. Some participants requested guidelines on the use of GIs as

ingredients. The wine sector wishes to keep the separation but asks whether this is still a realistic option.

OriGIn asked whether there had been thought to further promote the role of Producer Organisations (POs) within the CAP and noted that it would also make sense for consortiums. OriGIn also asked the Commission whether it will take into account the position of the European Parliament (Scottà report), in particular its demand on the importance for the organisations in charge of GIs to be able to manage the production to maintain the quality.

CELCAA warned against mixing PDOs and PGIs as they are fundamentally different and any unification would weaken the system.

It was further noted that the impact assessment should be made available to stakeholders as otherwise it would be difficult to issue any comments.

The president raised the issue of legal uncertainty when it comes to the processing of protected products and questioned that non-binding guidelines were the right approach in this regard.

The Commission said the function of POs is currently being examined in a wide manner with the aim to better organise production, also in view of the upcoming abolition of milk quotas. As regards the impact assessment, it is up to the stakeholders to provide analysis and estimates to the Commission, not the other way round. For the use of GIs as ingredients the Commission noted that the guidelines constitute in fact a first step, an amendment to the regulation might be considered at a later stage. As for the trade marks, nothing would change in their relation to GIs.

Traditional specialties guaranteed (TSGs):

The Commission made a short presentation. There have been few registrations under the scheme so far. The options are as follows: Introducing the term "traditional" as reserved term under marketing standards and abolishing the current scheme (1), abolishing the current EU scheme and leave it to the Member States (2), simplifying the current scheme by only allowing registration with reservation of the name (3). A possible new option would be to have an EU system to define and reserve optional value-adding terms.

Products of Mountain Farming:

The Commission again gave an introductory presentation. The main problem is that farmers in mountain areas do not get a value added price premium. Mountain products are not well and coherently defined and can often not be identified as such by consumers. It is therefore envisaged either to introduce an optional reserved term "product of mountain farming" or to set guidelines for the labelling of these products. Pursuant to the general rules on the Impact Assessment exercise, the "Status quo" option is considered as well.

It was noted that Austria would of course be interested in better regulation in this area. Euromontana welcomed the Commission's work on the subject and said that processing should also take place in the mountain area under the future scheme. The President made reference to a judgement of the European Court of Justice which states that "mountain" is not a geographical

indication. Also the relation to PDO's with the term "mountain" as part of the protected name has to be clarified.

As a final remark on this agenda point, the Commission reminded that it relies very much on stakeholder contributions.

5) Promotion of PDOs/PGIs and their logos

The Commission gave a short introduction and update on the subject. Since the setting up of the programme, the EU has co-financed more than 50 projects. The Commission has an obligation to present a report to the Council and the Parliament by the end of the year.

CELCAA underlined the importance of recognising the link between quality and promotion. It is in fact about promoting the quality policy. This has to be put better into practice. The Commission confirmed these comments by saying that quality products do the promotion of European agriculture.

BEUC asked if a partnership with consumer associations could be developed.

Origin asked (1) whether the Commission could consider launching a communication campaign on the PDO and PGI logos and (2) whether these two logos were protected in the EU and abroad to prevent counterfeiting

The representative of the Commission's Quality Unit underlined that for the time being, logos are not trademarks but this has been done for the organic logo. Therefore, it would be possible to change the Quality sector's regulations in such way if there is demand from stakeholders. The advantage would be to obtain protection through the Madrid System for the international registration of marks.

6) PDO/PGI Agreement between EU and CH; and specifics on Gruyere

The Commission gave an overview of the state of play. The draft text of the Agreement has been initialled on 11 December 2009. The public consultation which was launched last December on the EU side with a publication in the Official Journal has finished on 24 February. The public consultation in Switzerland ends on 14 March. A number of contributions were received by the Commission, in particular concerning Gruyere. Gruyere is listed as PDO for Switzerland.

France has also submitted an application for protection at EU level for which it has recently asked to postpone the deadline. Some stakeholders have raised the concern of twofold protection, the

bilateral agreement versus reg. 510/2006: they fear that EU products would be disadvantaged, claiming that the protection through the agreement is more flexible than the registration in the EU. The President noted that France and Switzerland have ratified the Stresa Convention which is still in force in these countries. Art. 4 (3) of the Stresa Convention states that names listed in Annex B (eg Gruyere) are generic and cannot be protected as PDO. With such an approach the EU would also weaken Regulation (EC) 510/2006.

The Commission pursued by explaining, firstly, that the bilateral agreement only permits the protection of GIs that exist, i.e. that are already registered by the Parties, and, secondly, that the agreement allows for the regular update of the list of protected GIs. In addition, a joint declaration attached to the draft agreement reached with Switzerland recognizes the possibility for the protection of two GI Gruyere that are homonyms. The French Gruyere first would have to be registered at EU level. Ongoing bilateral negotiations do not exempt from abiding by the conditions laid down in reg. 510/2006. As for differences, it has to be stressed that the agreement does not foresee registration of Swiss GIs in the EU register and vice versa. GIs from each Party will keep their own logo when circulating on the territory of the other Party.. As regards, the Stresa Convention, the EU is not party to it, making this an issue in the first hand between concerned States. However, when an agreement between the EU and Switzerland on protection of GIs is in place, EU Member states will be obliged to put these old agreements lie, the Stresa Convention in conformity to EU law.

7) Bilateral agreements in the process of negotiation/ratification

The Commission gave an overview of recent developments in this field. A number of negotiations are ongoing. In the context of preparing the accession to the EU, there are comprehensive agreements with Montenegro and Serbia covering all GIs. Agreements with Macedonia and Bosnia cover only wines and spirits.

In the area of stand alone PDO/PGI agreements, apart from the agreement with CH the draft of which is in the process of being finalised, negotiations take place with Georgia, have started with Moldavia and should start with China and Morocco.

As a part of a Free Trade Agreement (FTA), protection of GIs is included in the FTA with South Korea. Protection of GIs is also foreseen in the draft FTA with Ukraine which will be subject to public consultation soon. Other countries that were mentioned are Columbia, Peru, Canada, India Singapore, Vietnam and Chile (revision).

In the context of a dialogue on intellectual property rights, discussions take place with Thailand and Mexico.

The approaches do vary in the different negotiations. In most cases, only the most important GIs are "shortlisted". Usually agreements tend to be more comprehensive with the neighbouring countries. In terms of protection level, the goal is always EU level. If this is not possible, then the level provided for in the TRIPS agreement is the second best choice.

Some participants expressed concerns about the transparency in the negotiations with third countries and wondered about the value of what comes out of the processes on which so much time

is spent. OriGIn underlined that there is an urgent need for better communication between the Commission and the organisations in charge of the GIs

8) AOB

One point was raised by oriGIn regarding the study on consequences of the phasing out of milk quotas on GIs. The study, foreseen under the Health Check, should be undertaken by the end of 2010. The Commission replied that the report will be part of the study on milk quotas.

In conclusion, the Commission asked the stakeholder associations to send their contributions to the various subjects preferably before Eastern. The next meeting was scheduled to take place on May 11, 2010.

Disclaimer

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