

Final Minutes of the Advisory Group on « Quality of agricultural production » (04/07/2012)

The meeting was chaired by Dr. BENVENUTI

1. Approval of the agenda and the minutes of the last meeting held on 23/03/2012

The agenda and the minutes were approved without further comments.

2. Presentation of the EC Communication on “promotion of agricultural products” (30 March 2012)

A representative from the European Commission (COM) introduced the subject [OO(12)4104].

The COM representative recalled the existing EU policy tools which are destined to support promotion campaigns in favor of agricultural products: in addition to the financial support measures proposed under Regulation 3/2008 (the so –called ‘horizontal promotion scheme), the EU Regulation on the Single Market Organisation (“Single CMO” Regulation) provides for specific promotion measures for the wine, fruit and vegetable sectors as part of broader programs. Other promotional measures may also be financed within the framework of the EU legislation on Rural Development (see in particular article 33 which provides for support measures in favor of producer groups for information and promotion activities for products under food quality schemes).

For the period 2011-2012, 70% of the programs adopted within the “horizontal promotion scheme” were carried out on the internal market (30% in third countries).

For 2012, expenses through the “horizontal promotion scheme” budget are estimated at approximately 55 million EUR.

Spending through other EU promotion and information instruments (i.e. Regulation on the “Single CMO” and Rural Development) are estimated at around 400/500 million EUR.

The COM is of the view that the reform of the EU promotion policy will bring higher European added value through a more appealing and assertive policy whilst improving and streamlining the existing procedures through the establishment of simpler management and better synergy between the different promotion instruments.

The responses to the public consultation on the Green Book also emphasised the need to maintain generic promotion of “EU brand”, whilst at the same time exploiting geo origin and brand name more effectively (especially for promotion campaigns in third countries). Other orientations are proposed in this Communication, including notably the followings: widening the range of products (especially for external markets), using promotion policy for crisis management or streamlining multi country programs for external promotion.

According to the COM official, the legislative proposals aiming at reviewing the existing EU promotion framework are expected to be published by the end of 2012 (the accompanying impact assessment being currently under preparation).

The Chair opened the floor to the participants for eventual comments/questions.

Food and drink Europe expressed its support for extending the scope of promotion measures to products which are currently not covered by annex I of the Treaty as well as to brand names. Another representative from Food and Drink Europe regretted the “lack of ambition” of the EU

promotion policy in a context of increasing competition between the EU and third countries economies. To this last comment, **the COM representative** stressed the fact that the most of the recent promotion actions taken by the European Commission at international had been successful.

ECVC stressed the need to channel EU promotional actions to young farmers and to promote the positive actions taken by farmers in the area of environment, in particular when it comes to the development and maintenance of ecological focus areas.

Copa-Cogeca underlined the importance of securing an adequate EU budget for promotion measures and to open up wider possibilities for supporting EU quality labels and allowing for the indication of "origin" in promotional campaigns.

Several participants from Copa-Cogeca asked whether optional quality terms (which are newly introduced in the EU quality package) as well as voluntary certification systems may potentially benefit from financial support through the EU horizontal promotion scheme. The COM representative indicated that it was premature for them to draw any conclusions on this issue at this stage.

A representative from the **industry** highlighted the importance of competition in agriculture and the fact that Promotion policies should touch on this. As an example reference it was made to Brazilian agriculture and his excellent competition assets on international trade. By definition the reason to promote products is to become competitive in international trade, questioning what Commission is doing on promoting conventional quality products from Europe, which are fulfilling the highest hygiene and food safety norms in the world, is a challenge in EU. How is the Commission going to advocate in international meetings for conventional products, having in mind the pressure caused by the Brazilian lobby?

How is the Commission going to solve the imbalance of funds going only to certain niches (GIs) having in mind that the main part of EU products are not represented at international level. How is going to be covered this discrepancy by the Commission policy ?

3. Update on the discussions on the "EU Quality Package"

The representative from the European Commission (COM) introduced the subject.

The COM official recalled the latest informal trilogue agreement with regard the legislative proposal on agricultural product quality schemes (20 June). This compromise was confirmed by Member States representatives at their CSA meeting on 25 June.

The new consolidated version of the legislative proposal now brings into a single text 3 EU schemes: the Geographical Indications scheme (PDO and PGIs), the Traditional Specialities Guaranteed scheme (TSGs) and optional quality terms.

The "main foundations" of the Geographical Indications scheme (GIs) are maintained; in particular when it comes to the definition of PDOs (i.e. 3 steps of production, processing or preparation must take place in the geographical area of reference). However, the scope of the GI scheme is extended to 3 new products (i.e. to leather, fur and father).

The COM initial proposals for shortening the time period for registering new designations have also been slightly amended: the opposition procedure is increased to 3 months instead of 2 months (art. 47). If a notice of opposition is lodged within this period of 3 months, the applicant will have two months to issue a reasoned statement of opposition. The Scrutiny by the Commission should not exceed a period of 6 months (satus quo on this).

The EU logo for GIs will become compulsory 3 years after the entry into force of the future legislation. The registration of GIs from third countries protected via a bilateral agreement would now be

permitted, with the consequent possibility of using the EU logo on the labelling of products from third countries. COM initial proposals aiming at financing measures for the protection of the EU indications, abbreviations and symbols referring to the quality schemes (within the Union and in third countries) via the European Agricultural Fund for Rural Development (EAFRD) have been accepted by the Council and the Plt (see art. 41 of the proposed text).

COM proposals spelling out the special obligations of Member States for protecting EU PDOs and PGIs on their national territory (i.e. "ex officio" protection) have been slightly amended by Council and the PLT in order to clarify further the obligations that Member States have to fulfil (see art. 13.3).

The three Institutions also agreed on the fact that discussions on the management of volumes of production for PDOs and PGIs should continue in the context of the ongoing debate on the future of the CAP (i.e. within the proposal of a Regulation on the "single CMO").

As it was initially proposed by COM, terms registered as TSGs may now only be protected via "reservation of the name". These new rules will apply to products registered "without reservation of the name" after a transitional period of 10 years following the entry into force of the forthcoming legislation. An "ad hoc procedure" is foreseen in order to enable a quicker application of the new rules to such currently registered terms for producers who may wish so.

The TSG scheme would cover both processed and primary products ("*status quo*" situation) whereas the definition of the term "traditional" is increased to 30 years (instead of 50 as initially proposed by the COM).

The Council and the PLT agreed on the introduction of an optional quality term for "mountain products". The implementing measures of the scheme will be defined via delegated acts (i.e. "*the COM is empowered to adopt rules related to the establishment of the methods of production, and other relevant criteria for the application of the optional quality term, derogations concerning conditions under which raw materials or feedstuffs are permitted to come from outside the mountain areas*"). In the perspective of this upcoming exercise, the COM circulated a short questionnaire to the members of the Advisory Group. Answers are expected by 15 September 2012.

The COM shall also present a report to the PLT and the Council for a new term, "*product of island farming*" (see art. 29b) and for a new labelling scheme on local farming and direct sales (see art. 51a) no later than 12 months after the entry into force of the Regulation.

The draft text should be voted by the plenary of the Parliament in September 2012. The formal adoption by the Council is expected by the end of the year.

The Chair opened the floor to the participants for eventual comments/questions.

One representative from Copa-Cogeca asked for some clarifications with regard the articulation between the provisions relating to the protection of PDO and PGI products when used as an ingredient (see art 13 of the proposed text) and the recommendations contained in "the Guidelines on the labelling of foodstuffs using PDOs or PGIs as ingredients": one representative from CELCAA was of the opinion that these recommendations may not be used legally in order to interpret the provisions contained in art. 13 of the proposed text. One Copa-Cogeca delegate proposed that the content of these guidelines could be incorporated in the draft legislative text in question.

CELCAA insisted on the need to protect PDO and PGIs on the national and international market.

Several organisations raised the issue of potential "legal conflicts" between the new reserved terms for products registered as TSGs and similar terms which may be considered as generic or for products registered as "brand names". Several participants also asked for clarifications on how to interpret the condition according to which products eligible for the optional term "*mountain product*" essentially

come from mountain areas. **Euromontana** stressed the importance of establishing some “strict guidelines” on the use of the term “mountain” so as to avoid any confusion *vis à vis* consumers.

The COM representative provided some clarifications on implementing aspects related to the TSG scheme: the application for products currently registered “*without reservation of the name*” to be protected “*with reservation of the name*” would not be subject to an in depth scrutiny by the COM services before the procedure of opposition is launched. In case an opposition is notified to national authorities (at the time of the national procedure of opposition) or to the European Commission (for the EU procedure of opposition), the applicant would have the possibility to add a distinctive element to the name of the product in order to distinguish it from a “generic product”. (e.g. “*Mozzarella from Italy*”).

In response to the various questions and comments which were raised on the optional term “*mountain product*”, the legislator has discarded the option of introducing (in the text) “a legal basis” for the Commission to adopt specific guidelines. Such a possibility is open to the COM in any case. Details and modalities of implementation of the term will be drawn up via delegated acts, taking into account the views of interested stakeholders.

The Chair opened the floor to the participants for a second round of comments/questions.

Origin and **Copa-Cogeca** regretted that the proposals from the PLT on the management of volumes for PDOs and PGIs had finally been rejected. Copa-Cogeca also expressed concerns with the fact that the main proposals of reform of the marketing standards system which had been introduced in the context of the “EU Quality Package” may be “diluted” when considered in the framework of the discussions on the future of the CAP.

One Copa-Cogeca delegate called upon specific control plans to be set up at national level so as to prevent misuses of PDO and PGI products.

Another representative from Copa-Cogeca asked for clarifications on the definition of eligibility criteria for optional terms (see art. 27 of the proposed text), and on the scope of EU measures related to “direct sales” and “short supply chain”, which are discussed both in the context of the EU Quality Package as well as in the proposal for a Regulation on Rural Development.

CELCAA regretted that no “legal basis” allowing for EU stakeholders’ organisations to lodge a notice of opposition to the EU protection of products as PDOs and/or PGIs (see art 48 of the proposed text) had been introduced in the draft text.

Origin asked for clarifications with regard to the conditions under which products originating in a Member State or a third country may be allowed to use the PDO or PGI designation without however complying with the conditions of registration foreseen in the Regulation (see art 15 of the proposed text).

The Chair asked for some explanations concerning the methodology that the COM intends to use when implementing existing optional terms or when introducing new additional terms.

The COM replied to these various questions:

- First, the COM explained the draft text spells out the obligations that Member States have to fulfil in order to ensure the protection of PDOs or PGIs but leaves flexibility for Member States to determine what should be the methods of controls to be applied by them.
- COM indicated that a transitional period can be opened for products contravening the conditions of registration in order to comply with the provisions of the legislation. A transitional period could also

apply in case of modification of the specification of a product in order to enable producers to comply with these new rules.

- COM indicated that defining concepts “direct sales” or “short supply chains” at EU level would not necessarily be the most appropriate option.

4. Follow up of the discussions within the WG “product from my farm” and debriefing of the conference on “local farming and short food supply chains” (20 April 2012)

A representative from the European Commission (COM) updated the participants on the discussions that took place at the conference concerning the issue of “market access for local farmers” (Workshop B) (see [AQA(12)5203]).

The participants to the conference underlined the absence of definition for the concepts of “short supply chains” or “local sales”. It was however acknowledged that certain common criteria enable a distinction between these types of networks and “conventional” food chains. The majority of them were in support of the option of introducing new policy tools so as to promote such initiatives.

- Amongst them, labelling was considered as an appropriate instrument to bring greater visibility to the products being produced/sold via this type of networks. On the other hand, the participants recognized that such measures may potentially imply significant economic costs and therefore represent an important burden for producers.

- The participants also observed that various other measures may facilitate market access for local producers like through training and advice service, or the establishment of *ad hoc* procurement procedures allowing for local sourcing.

The COM representative informed the participants of the state of play of discussions within the WG “product from my farm” as well as on the upcoming working steps. The legislator having now given mandate to the COM to present a report on the case for labelling of local farming and direct sales (see the recent developments on the “EU Quality package” as outlined above) which is due to be presented no later than 12 months following the entry into force of the Regulation, the COM will adjust its timetables accordingly. The works carried out within the WG “product from my farm” will be taken into account by the COM when preparing this report.

The Chair opened the floor to the participants for eventual comments/questions.

Several participants from Copa-Cogeca pinpointed the risks of inconsistencies which may result from the issue of local farming/direct sales being discussed in the context of different legislative frameworks (i.e. labelling initiatives for local farming and direct sales are being examined in the context of the EU Quality Package; some proposals are made in the context of the EU promotion policy and of the legislative proposals on the future of the CAP).

Several participants asked for clarifications as to the objectives of the latest document circulated by the COM services (in view of the WG on 5 July) and on how this new document would fit with the paper that had been previously developed in March 2012.

The COM representative explained that the two above-mentioned documents address the issue of short supply chain/local sales/ direct sales from different “angles” (the document prepared for the meeting on 5 July looks at the issue of local farming and direct sales from a broader perspective than what is outlined in the document drafted in March 2012). The COM services intend to get a broad overview on all the different possibilities which may be envisaged in order to increase the visibility of products sold locally and/or through short supply chains.

ECVC made a series of suggestions for defining an EU labelling scheme for local farming/direct sales: in their view, the scheme should be reserved to farm holdings which do not exceed a certain size and which comply with certain production methods (e.g. in the areas of animal welfare, biodiversity, environment,...). Furthermore, ECVC insisted on the fact that the control of the farmer over its production should be ensured all along the chain up to the consumer.

Copa-Cogeca warned against opposing “conventional chains” to “local and short supply circuits”. On the contrary, short supply chains may be considered as complementary to conventional food chain to help farmers get better economic results through wider market outlets.

5. State of play of discussions on implementing rules of Regulation 1169/2011: focus on provisions relating to origin labelling

A representative from the European Commission (COM) introduced the subject.

The COM indicated that the preparation of reports and implementing acts was not at a “more advanced stage” that what was presented to the group in March 2012 (last Advisory Group meeting). In order to prepare the study commissioned by DG AGRI on the different options of implementing origin labelling for fresh and frozen meat of pigs, poultry and sheep and goats, a call for tender was launched in February. Based answers received, the COM will shortly select a candidate and expect to sign the contract before the end of the summer break. This consultancy should consult relevant EU stakeholder’s organisations on this issue in the course of autumn.

COM services will also start preparing the other reports foreseen in this new legislation and which are due to be adopted by 13 December 2013 (i.e. see art. 26. 5 concerning other types of meat, milk, milk used as an ingredient in dairy products; unprocessed foods; single ingredient products; and ingredients that represent more than 50 % of a food)

For the time being, COM services are not aware of any particular demand coming from operators or Member States calling for an extension mandatory labelling provisions on origin for other types of meats (e.g. rabbit, horse...) than what is already foreseen by the newly adopted legislation.

COM services have started examining the issue for milk and milk used as an ingredient. Some legal uncertainties would need to be clarified when it comes to the definition of “milk product” due to differences between what is indicated in Regulation on food information to consumers and in the Regulation on the “single CMO”. A suggestion was made to use the definition provided by EU food hygiene legislation.

The Chair opened the floor to the participants for eventual comments/questions.

BEUC welcomed the new legislation as a step forward towards transparency of information. In line with consumer’s interests in getting information on the origin of products, BEUC is in favour “generalizing” the obligation of labelling of origin.

Several participants asked for clarification on the implementation of voluntary labelling of origin.

The COM representative indicated that DG SANCO has already started the discussion with Member States on this issue. In particular, the issue of whether the origin (as defined by custom code) or the “place of agricultural production” should be taken as reference will need to be clarified.

A study will be conducted by an external consultant: the framework contract procedure has already been signed and selection process started a few days ago. The candidate who will be in charge of the study will be selected by the end of the summer.

A study launched by an external consultant on the case of dairy products: the tender should be launched in the course of autumn.

6. AOB

CEJA proposed to circulate to the group a motion aiming at proposing ad hoc support measures for EU young farmer. The proposal was agreed by the members of the Advisory Group.

The Chair thanked the participants and closed the meeting.

Disclaimer

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