

FINAL minutes of the Advisory Group meeting on “Quality of agricultural production”
(19/02/2013)

The meeting was chaired by Dr. BENVENUTTI

1. Approval of the agenda and the minutes of the last meeting held on 16/10/2012

The agenda and the minutes were approved without further comments.

2. Regulation N° 1151/2012 on Quality Schemes for agricultural products and foodstuffs:

a) Information concerning calendar of application of the text:

- The Representative from the European Commission (COM) introduced the subject: Regulation N° 1151/2012 entered into force on 3rd of January 2013 and Regulations (EC) N° 509/2006 and (EC) N° 510/2006 were repealed and replaced by this Regulation. There is not transitional period.

The Commission may adopt delegated acts, among others, in respect of supplementing the list of products set out in Annex I to this Regulation, establishing the restrictions and derogations with regard to the sourcing of feed in the case of a designation of origin, establishing the Union symbols. The power to adopt delegated acts shall be conferred on the Commission for a period of five years from 3 January 2013. The European Parliament or the Council may object to a delegated act within a period of two months from the date of notification (this period may be extended by two months).

In relation to the delegated act, a first meeting was held with the responsible Experts Group. Currently, it is not possible to give a calendar but probably any delegated act will come into force before the end of 2013

b) Implementation of the optional quality term "mountain product" (outcome of the study "labelling of agricultural and food products of mountain farming (JRC) commissioned by the European Commission, evaluation of the replies to the questionnaire and state of play as regards the adoption of delegated acts art 31.3 and art 31.4 of Reg. 1151/2012)

- The Representative of the JRC “Institute for Prospective Technological Studies”, in charge of this Study about labelling of agricultural products of mountain farming came to the advisory group to show the outcome of the Study.

Mountain products represent 8% of the European agricultural production, now the question is if it is produced completely in the mountains or not. For feed, most part of the provenance is different depending on the livestock and countries. The situation is different for ruminants than for other livestock sectors because ruminant’s feed is largely obtained from pastures or grass, which are present and produced in mountain areas. Other components need to be imported from non-mountain areas, in particular concentrated feed (cereals, protein crops, vitamins and minerals, etc). There are two Groups of countries, on one hand Mediterranean countries where feed comes mainly from the neighboring lowlands (around 40%) and the rest (Central Europe where the main part of feed comes from mountain areas), so, it is important to look at both cases through the regulation.

In the case of processing, it does not necessarily occur in mountain areas, slaughterhouses or dairy industries are less present in mountain areas than in lowlands. In lot of cases mountain farms practice final step of processing (such as ageing of hams and cheese) with raw materials coming from other areas.

In any case, farming in mountain areas has positive impact perceived by the consumers due to the social and cultural dimension. Market prices of their products are usually higher than others.

In relation to the labelling, in general terms, it is directly used with the name of the mountain and with more reference to tradition than to quality. Many food products on the market show labels referring to mountains, directly or indirectly and they are combined with other quality message: the Survey shows that about half of the 128 labels of traditional foods examined, although they evocate the term “mountain”, they do not comply with the subject.

In France, Switzerland, Italy and Spain (Galicia Region), the existence of national rules on the labelling of mountain products seem to have clarified the situation to a certain extent, resulting in less unclear labels. In particular, Switzerland seems to be the best developed national scheme in place in terms of defining what a mountain product is. They have clear rules addressing the issues of feed and processing: minimum share of mountain feed (70%) and of mountain ingredients (90%).

It is important to raise the issue of the coexistence between the new optional quality term “mountain product” and other existing tools such as trademarks and geographical indications (PDO, PGI, Organic).

Mr. Guri informs that the Report is published on the website of the JRC.

- The Chairman thanked the Study and opened the floor to the participants for eventual comments/questions.

- The Copa-Cogeca Representatives, expressed that it shows very different situations across Europe. Now, it is necessary to order the issues because there are some products which do not meet the requirements under the Regulation 1151/2012. It is important to support initiatives with added value and to think about control and certification trying to avoid useless administrative burdens. In the Study, more names are used but the Regulation only tackles the “mountain product”. Another question was made in relation to the feed because Northern Countries have an average of 15-20% from neighbouring lowlands, nevertheless, in the South countries is more than 40% and it would be interesting to know if it means that in the mountains of the North the stock is ruminant and in the South non ruminant.

- A representative from CELCAA, asked for more clarification in relation to the mountain concept, altitude and generic indication for mountain. He made reference to the Questionnaire sent by the Commission in order to discuss Article 31.3 and Article 31.4.

- Representatives from Euromontana asked for more clarification about fraudulent use of mountain products. Mountains have too many small producers and it was asked for clarification. It is not realistic to represent mountain farming as largely involved in PDO/PGI/Organic productions: 10 years ago, a survey on 122 PDO/PGI products did not give the same results. They asked if 23 billion as turnover of Mountain farming is a real or estimated amount.

- A representative from the Meat Processing Industry asked for more information about fraudulent cases.

- The Representative from the JRC, said that mountain definition exists for the less favoured areas. It has been used in the Study (differences between MS exist on what they define as mountain). Regarding the certification, it means a cost problem and this is probably the biggest difference between French and Swiss legislation. In the case of Switzerland, this law is better applied and less fraudulent. About the fraudulent use, it should be decided by the Justice. The way to struggle against fraud is out of his focus. In relation to the question of the livestock type in the North and South of Europe, the answer was that the Study is for the same livestock type and farming systems (dairy farms) .

23 billion is an estimated amount. The survey tries to take into account also small farmers from marginal areas (such as Romania) but this is possible only they are representatively recorded on the the national sample of EU-FADN. On the other hand EU-FADN is a database of accountancy where the information of self-consumption may be , underestimated by farmers, reducing the total production value on mountain area. We do not have any possibility to check these differences.

The COM representative presented the results of the questionnaire which was sent to MS and will be source of information for a future delegated act regarding the provisions of Article 31.

The answers have showed that derogations would be necessary to allow the application of the definition provided in the Regulation; it would be necessary to provide for derogations with regard to raw materials, feedstuffs and processing.

- In the case of feedstuffs, clarification of the term "essentially" is needed; reasons for derogations are justified by natural conditions; feedstuffs that cannot be produced in mountain areas differ for ruminants and non- ruminants.

- In relation to the raw materials or product ingredients, answers voiced more flexibility, especially in cases where ingredients are not produced in mountain areas and there is not enough production.
- About processing, the answers confirmed a lack of capacity in some Member States as the main reason to allow certain type of processing in non-mountain areas.

Regarding the questions about the calendar, it was asked when the delegated act would be presented. The COM representative said that they are analysing the situation in different Member States. Last 29th January, a first meeting with the Member States took place.

- Representatives of Copa-Cogeca said that Article 31 especially refers to raw materials and feedstuffs. Although there is certain flexibility, it is important to know how the legal text, notably the term "essentially" is interpreted in Brussels or in the Member States. Regarding the term, it is very important to be precise in case that it would be necessary to have delegated acts. If there is leeway for Member States, it would not make sense to have a common definition. In relation to the results of the questionnaire, it would be necessary to have derogations regarding processing. It was asked what is considered by the processing and if slaughtering would be considered as processing. Another representative of Copa-Cogeca said that it is important now to take into account the problem of feedstuffs. Due to natural reasons, feedstuffs cannot always be produced in the mountains.

- Representatives of Euromontana made a general intervention defending that the aim of the Regulation is to protect the mountain producers and the consumers. The EU has to protect the mountain economies. In France and Switzerland, the limit for feedstuffs coming from mountain areas is fixed at 70%, not 50%. With regard to regional products with term "mountain" (like "Alps"), the Euromontana representative asked which is the position of COM services; according to Euromontana, this is not a detail to be decided by MS; an EU approach is necessary.

- Representative of CELCAA said that it is important to know which products are covered by the Regulation. In his view according the clear wording of Art. 31 only those with the specific term "mountain product" are covered. The wording is completely different to a much a broader wording e.g. in Art. 23 Regulation 834/2007. The chair agreed with the intervention.

- The COM representative said that the European Commission is considering various positions and information provided; information from the Study is also helpful. It is not still possible to say when the draft text of the delegated act will be presented; current work consists of identifying the need for clarification in relation to the Commission's power to act. Regarding the meaning of "essentially" EC is empowered by the Article 31.3. About the objective, recital 45 is being examined with a double objective: regulating products from mountains with a view to better marketing and reducing confusion for consumers.

- Representative of CELCAA said that it is quite difficult to know which products are covered by the Regulation: only those with a term "mountain product" or also those with a term "mountain". It would be useful to get inspiration from the Organic Regulation. The chair agreed with the intervention.

- Representative of Copa-Cogeca said that in Switzerland, there are derogations to let that feed from neighbouring lowlands is used in case of bad weather conditions and this is the kind of a derogation that the EC should adopt by a delegated act.

- The COM representative said that the Commission is finishing with the period to collect information. Now, they are analysing it in order to decide on the context of a delegated act.

c) Adoption of guidelines in order to facilitate the application of directive 2000/13 where the labelling of foodstuffs may give rise to consumer confusion in relation to optional quality terms (focus on the term "mountain product"):

- The COM representative said that its services are not working on guidelines in order to clarify the application of Directive 2000/13 on the approximation of the laws of the Member States regarding the

labelling, presentation and advertising of foodstuffs with this new quality terms like "mountain product" or "product of island farming".

d) Generic terms: adoption of delegated acts in accordance with article 41 (3) of Reg. 1151/2012:

- The COM representative said that its services are not preparing any delegated act.

e) Preparation of the report on the case for a new term, 'product of island farming' (art. 32 of Reg. 1151/2012):

Regarding the "product of island farming", no later than 4 January 2014 the Commission shall present a report to the European Parliament and to the Council on the case for this new term. The term may only be used to describe the products intended for human consumption listed in Annex I to the Treaty; this principle is similar to the "mountain product". For the moment, the European Commission has not received many replies to the questionnaire and it is still possible to send them.

- Euromontana representative stressed the overlapping between islands and mountains. It would be necessary to define the word island.

- The Chairman added that there are some similarities from the farmer's point of view but not from the consumer's.

- Copa-Cogeca representative said that the definition of "island" is crucial.

- CELCAA representative asked about the state of play of the multilateral and bilateral negotiations which are on-going.

The COM representative replied that there is an Advisory Group for international issues in agriculture, organized by DG AGRI, where they tackle these items. Information on applications is published in the European Journal. For the moment, there seems to be no generally used definition of "island". Eurostat, for example, has its own approach.

3. Implementation of Regulation 1169/2011 on the provision of food information to consumers and follow-up actions concerning the indication of origin

- Situation of the implementation of mandatory origin labelling unprocessed pig, poultry, sheep and goat meat

The COM Representative from DG AGRI (AGRI C/4) said that by 13 December 2013, the European Commission, following Impact Assessments, shall adopt implementing acts concerning the application of the Article 26.2 regarding the mandatory indication of the country of origin or place of provenance for unprocessed pig, poultry, sheep and goat meat. In particular, It started last year with an external study with basic data or statistics. Now, the impact assessment will start up. After, implementing acts will be proposed and five years later of the application, it will be necessary to inform the European Parliament and the Council to evaluate it. The Wageningen University is in charge of the external study (started in September 2012) and in April they have planned to finish with the Impact Assessment.

Seven case studies, 3 in pig meat (DE, FR, ES), 2 in poultry sector (FR, NL) and 2 in sheep and goat sector (UK, RU). During the interviews, they have focused on four possible options:

1. Mandatory EU or non-EU labelling (simple model)
2. Mandatory country of origin labelling (beef model)
3. Place of country of rearing labelling.
4. Place of country of rearing and slaughter

A cost-benefit analysis is ongoing. It will be taken into account for the impact assessment.

After the case studies and the workshop which took place in October, it is a clear that rules adopted have to be consistent and not to mislead the consumers.

Regarding the calendar, the impact assessment will analyze the three kinds of meat. The implementing act will be around September to have enough time for consultation.

- Follow-up actions foreseen for the possibility to extend mandatory origin labelling for meat (of all types) used as an ingredient

-The COM Representative from DG SANCO (E/4) explained that by 13 December 2013, the Commission is required to submit a report to the EP and the Council regarding the possibility to extend mandatory indication of the country of origin or place of provenance for meat of all types used as an ingredient (Article 26.6). To this effect, SANCO has commissioned an external study, which is currently pending, to examine the need for the consumer to be informed, the feasibility of introducing mandatory origin indication for meat used as an ingredient, an analysis of costs and benefits including the legal impact on the internal market and on international trade. For the moment, there is not too many information about the results of the Study.

The report on mandatory origin for meat used as an ingredient will be finalized in December. Now, there is a request from the European Parliament to submit it before the deadline after recent events.

The Chairman opened the floor for questions/Comments:

- Representatives from Copa-Cogeca stressed his concern about SMEs to use this labeling and made reference to the olive oil as an experience to take into account although each sector is different. They asked if the possibility to combine options had been analyzed, so as to take example from honey, where it's running right.

- Representatives from CELCAA said that the horse meat scandal has been a fraud and it cannot be mixed with mandatory origin labeling.

- The COM Representative from DG AGRI, said that the decision is not taken and options are opened. Companies refer to additional costs and it is important to take into account all the sectors and the different supply chain for each kind of meat. If Combination of options is justified in the impact assessment, it will be taken into account. Regarding the horse meat scandal, DG AGRI does not consider that it is a labelling problem but they know that pressure will be increased.

- The COM Representative from DG SANCO, said that the ongoing study will examine the different options. SMEs have been consulted through the panel SMEs and it will be included in the final report.

Regarding meat used as an ingredient, there will be results in June and SMEs will be consulted too. The horse meat scandal has been a fraud and it cannot be mixed with origin labelling.

4. State of play of discussions regarding the legislative proposals on the future of the CAP (focus on "quality" related issues)

a) Marketing standards in the framework of the proposal for a Regulation on the "single CMO" (General marketing standard, "place of farming labelling" related provisions and links with the rules on origin labelling laid down in the food information regulation 1169/2011)

The COM representative said that there recent discussions took place in the Council since the last meeting of the Advisory Group. Marketing standards are now being part of the SCMO Reform proposal. .

The Irish Presidency has a very ambitious Agenda and if the calendar is respected, dialogues would start at the beginning of April. Last January, COM-AGRI voted on the Proposal and now amendments are being analysed.

The Chairman opened the floor for questions/comments:

- Representative of ECVC, asked for the small producers and if its specificities were going to be taken into account.

- Representatives of COPA COGECA and a representative from the Industry asked about the confirmation of Origin in the labeling and about the distinction between Origin and Place of farming

- CELCAA, stressed the difficulties for compound processed foods, in case of such kind of origin labeling.

The COM representative said that in relation to the small producers, the EC Proposal does not envisage any particular provisions. As far as origin labelling and place of farming are concerned, DG Agri and DG SANCO are currently undertaking a number of studies. According to the provisions of Regulation 1169/2011 (in particular art. 26), these studies (some of them followed by an impact assessment) will determine either how the origin labelling will be implemented in practice or assess the opportunity to introduce origin labelling. DG AGRI and DG SANCO are closely cooperating on this issue.

b) Proposal for a Regulation on support for Rural development

The COM Representative referred to the agreement on the Multiannual Financial Framework. Now, we count with 85.000 million (7% less than the EC Proposal). The agreement is supposed to be reached in June 2013 under the Irish Presidency.

Regarding the application rules, the Commission has implementing acts which will have to be discussed at the EP and Council. In March, transitional measures will be discussed.

As to Article 17 on "Quality Schemes" of the proposal for a Regulation on support for Rural Development, it was explained that new eligibilities are proposed during 2014-20 such as opening the measure to Non-food Annex I products, to cotton (which is not an Annex I product), but as well to voluntary agricultural products certification schemes recognized by the MS.

- The Chairman opened the floor to questions:

- Representative from Euromontana asked if it was possible for the experts to receive the new consolidated version of the Article 17.

- Representatives from Copa-Cogeca said that EP and Council have proposed Article 17 to become more flexible but he wanted to know the EC's position at this respect. They stressed that it would be good to have the consolidated version. He said that in the debate about local food products, concepts are mixed and it is important not to focus only on products but too in the production structure.

Regarding Article 17, the EP has presented more than 2000 amendments. Budget cuts will have an impact on the Regulation but Article 17 will not suffer this cut in excess, it will be distributed in a proportional way. Another representative said that Article 17 makes references to guidelines but amendments have not modified who will be in charge of them.

- The COM Representative, said that in the consolidated version there is not modification and the role of the MS does not remain clear and invited the stakeholders to send their positions about the effects of the Article 17.

c) Information on the discussions regarding the management of supply for products covered by a PDO and a PGI in the framework of the proposal for a Regulation on the "single CMO" and state of play of the implementation of Regulation No 261/ ("milk package") in this area.

- A COM Representative, said that according to replies from Member States to a survey, France, Italy and Greece would be very interested in the supply management PDO/PGI cheeses. However, it was too early to conclude as the Regulation providing for this possibility only applied from October 2012

5. Labelling for local farming and direct sales

a) Presentation of the study "Short Food Supply Chains and Local Food Systems in the EU" (JRC) commissioned by the European Commission:

The representative of the University of Coventry, in charge of the Study, made a summary of what they have been working on. The aim is to describe the state of play of short food supply chains in a context of increasing number of initiatives across the EU.

The research methods have been systematic reviews of short food supply chains and local food systems; database constructions and comparative analysis of 84 cases; case studies in France, Hungary and Austria; and interviews with consumers. The definition of short food supply chains, used for the Study, is that the number of intermediaries between farmer and consumer should be minimum.

Regarding the evidence from literature review, there are difficulties with comparison and it is quite complicated to compile information, especially in the case of microenterprises. On the other hand, there are not too many studies with a common base to measure the impact.

As conclusions, the representative showed that short food supply chains derive mainly from small farming and they are usually centres for local food. They are often organic farmers who try to provide social, economic and environmental benefits. There is the potential to reach other systems (sustainable business models). The Study suggests a framework to define and ensure flexibility, quality, traceability and transparency. The Study also concludes that the EC should provide training in the field of marketing, logistic support and this could be achieved through existing initiatives. It would be necessary to think who could finance the system, and to take into account the social or cohesion policy.

- The Chairman thanked for the Study and said that it was focused on the local supply. EC had already worked on the “product from my farm”. This study does not include the cooperatives and producers organisations. Then, the chairman opened the floor for comments/questions:

- A representative of CELCAA said that products like fruits or vegetables are important but other actors like butchers or bakers should not be overlooked. Resources in local area need to be pooled together to provide offer to consumers.

- A representative of Copa-Cogeca said that the Study is very interesting but he wanted to know if national legislation with regard to direct sales has been looked at as it differs among the Member States. Another representative asked what the place of cooperatives and producer organisations in the Study is. They said that speaking about local products maybe does not necessarily mean the labelling.

- A representative of Euromontana said that there is a clear differentiation between local production and short food supply chains. Moreover, limiting the number of intermediaries could represent a risk for some sales, e.g. to school and other catering services.

- A representative of IFOAM showed the results of two studies in Slovenia, where they have seen that 84% of organic products are directly sold on the farms and farm markets while their organic production is not very high and they do not export. Relations between producers and consumers are more direct and labelling in these cases would only represent an extra burden.

- The University representative added that regarding the national legislation, researchers have not compared national legislation in a systematic way. In the case of Austria and France, legislation was examined through case studies. She stressed that producer groups, cooperation between producers and consumers, and collaborative initiatives are crucial. In French case study, there is a cooperative which includes both, producers and consumers.

In relation to the face-to-face sales, it was mentioned that label is not so vital but it may play a role in protecting the value of the chain, so that produce would not be imitated by fake producers. In the case of organic farming, the study shows the importance of direct sales for this kind of farming.

- A representative of Copa-Cogeca asked if young farmers had been taken into account with the technological changes.

- Another representative of Copa-Cogeca said that there is a difference between direct sales and local production because they do not cover the same issues. In relation to the logistic support as mentioned in the Study conclusions, Leader is a very good tool.

- CELCAA representative mentioned during his intervention the energy balance and the importance to take into account aspects related to energy use in short food supply chains and local food systems. He also raised the issue of competition and in particular the effects of national legislation with regard to direct sales on competition.

- A representative of Copa-Cogeca stressed the importance of bringing agriculture closer to tourism and nature.

- The University Representative said that regarding the young farmers and their age, they did not find any information with this respect with the exception of the agricultural census in France during 2010 where the average age was lower for short food supply chains. In the case of Leader they found out that it is used as an instrument in different MS so, it is clear that it is a useful instrument.

In relation to the energy and waste, the Study has shown that impacts are not clear for the moment due to different ways of measuring. these impacts. For example, scientific literature uses transport and CO₂ emissions.

- A representative of Copa-Cogeca said that after reading the Study conclusions, it seems that in relation to a possible European indication, the results are in favour of subsidiarity. If there should be an EU label, he would like to know the criteria.

- The University representative said that subsidiarity would reflect the variety of the schemes in the Member States and regions and the existence of different systems. If a label were created at EU level, it would be very important to provide a definition, a common definition for the supply chain.

- EEB/BEE representative expressed his opinion in relation to all the activities made by the Advisory Group because he considers that the scope of the WG "Product from my farm" and the Study is quite similar.

- A representative of BEUC said that fair trade, local products, short food supply chains were mentioned and that she would like to know which should be the message of the label. It was said too that there would be a risk of misunderstanding if there are too many labels, and that it would be necessary to be clear what each label represents.

The Group asked the Commission when the Study will be published.

- A representative of the European Rural Poultry Association said that when we speak about quality products, the Study does not specify rules relating to quality. Also, it is important to reflect on supermarkets.

- The Chairman and several participants discussed about the different initiatives developed by the Commission: the WG "Product from my farm" and the Study "Short Food Supply Chains and Local Food Systems in the EU" because it seems that they have different objectives. They asked the EC to clarify it.

- The COM representative answered that regarding the Study, it is already finished and now, last corrections are taking place and publication is expected during the coming weeks. All the activities (WG "Product from my farm", Study...) go in the same direction: they should lead to reply to the question, whether to use a term for protecting producers from unfair competition and if yes, how should this term be defined and which term would best catch the concept of the "product from my farm". It was said, too, that the Commission, no later than 4 January 2014 shall present a report to the European Parliament and to the Council on the case for a new local farming and direct sales labelling scheme to assist producers in marketing their produce locally. Contributions of the WG "Product from my farm" and the Study outcome will be taken into account when preparing this report.

A representative from Euromontana said that apart from the work done before, it is important to think what we want to cover with this legislation and to see if a label would provide an added value.

Some representatives of Copa Cogeca concluded the discussion with some contributions. Tozzi stressed that if a new label was necessary, the objective would be to protect the real producers and to protect them from fake products. Copa-Cogeca said that the report should take into account the CO₂ reductions and the

food waste debate. They stressed the importance of giving all the virtues to this kind of supply chain in terms of environment and other issues.

6. AOB:

It was proposed by the chair to include, if it was possible, the discussion about the Standardisation progress on sustainability and integrated quality management schemes in the food sector. For example, ISO 26000, because it could be interesting for the Advisory Group. Some private standards represent pre-requirements for farmers to access the large distribution.

The representatives agreed with the proposal and stressed the interest to make balance of these issues and take care with private initiatives. A representative of COPA COGECA presented briefly the experience of Coop de France, who has developed Guidelines on Sustainability, with a global approach. A representative of CELCAA informed about an interesting initiative in Austria, with more than 50 producers certified for Sustainability process.

For the next meeting of the Advisory Group, it would be possible to make a presentation about experiences carried out which are interesting for producers, retailers and distribution industry.

Next meeting will be held on 25 June.

Disclaimer

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