

Speech by Commissioner Phil Hogan at AOPA Conference

**- "*Origin products and Rural Development: EU success,
US promise*"**

20th May 2015, Memphis, USA

- Check Against Delivery –

(Introduction)

- Ladies and gentlemen, many thanks for inviting me here today. My name is Phil Hogan, and I am the European Commissioner for Agriculture and Rural Development.
- There is one reason above all why I am standing before you today, and that is the rich tradition and history that the United States and the European Union share in local and specialised agricultural production. Our respective sides of the Atlantic are home to countless famous food products that bear names symbolising their authentic agricultural origins.

- In Europe, as in America, we retain a strong pride in the fact that behind these names are often centuries of respected culinary practices, agrarian traditions, and local expertise. In some cases, these culinary delights – the finest of food and drink - are linked to a specific geographic area or local microclimate; in others, they result from a carefully bred animal or specific production technique.
- Today I look forward to a wide-ranging and productive discussion on the approaches to Geographical Indications – or "GIs" - on both sides of the pond. Our approaches share some traits, differ in other ways, but retain at their core a commitment to giving food buyers and consumers accurate, useful and guaranteed information about the characteristics and attributes of the products they buy and consume.
- Today, I hope to strongly impress upon you the European conviction that a thoughtful GI policy can have a transformative impact on rural areas, rural economies, rural communities, and rural lives.

(History of CAP – Rural Development)

- As you know, in Europe we have a Common Agricultural Policy, covering the 28 member states of the EU and its 500 million citizens.
- We cherish our rural communities, and we have been designing and refining strategies for Rural Development over the course of many decades. By applying the lessons we have learned, we have developed a vision for our rural areas as key drivers of our shared prosperity and sustainable growth.
- The broad objectives of our policy are designed to positively influence the full spectrum of rural life. Over the years, we have developed a highly integrated approach to making these objectives real and meaningful in the lives of rural citizens.
- From an economic point of view, our mission is to provide rewarding and sustainable livelihoods for people living in rural areas. We believe high-quality localised agricultural products can contribute to this goal in a major way.

- On the macro level, the recent positive trends in EU agri-food trade, together with an increased market-orientation, are factors that are leading to a strong and competitive agri-food chain.
- The figures speak for themselves – the EU agri-food sector now enjoys a healthy trade surplus with the rest of the world, exporting over €120 billion euro in 2013, or about 135 billion Dollars. In the same year, the US had agri-food exports amounting to 140 billion Dollars, so we are really shoulder to shoulder in the global marketplace.
- European success on global markets might seem a paradox, in light of the higher production costs that EU producers face, due to stringent environmental, animal welfare, social, health and labour standards. However, we are turning this into a value that consumers the world over appreciate. It is the rich diversity of EU products, and the added value of their traceable and impeccable quality, which will help to generate further opportunities on global markets.

- A key part of this quality approach is our GI origin products, which represent 30% of EU agri-food exports to the U.S. alone, worth some €3.4 billion. GIs are a key driver in creating and supporting jobs in the rural areas where they come from, for farmers and small to medium sized Enterprises, in the food and tourism industries. GIs are about rural intellectual property, and rewarding quality in and for rural areas.
- Indeed, it is no exaggeration to say that our GI regime can be considered one of our signature rural development success stories. I would like at this point to tell you more about our approach. **To begin with, allow me to explain the rich added value of GIs by answering a simple question: what are they?**

(Overview of EU GI Regime)

- GIs are "products with a story". Consumers want cheese, meat, wine or whisky with a story – tales of the men and women keeping alive traditional ways of doing things, in the place they call home; stories reflecting history and heritage. A name recognised as a GI tells such a story.

- GIs are the embodiment of quality food & food that is special: A GI is special because of its origin. A name can only be protected as a GI if you can clearly demonstrate that the food or wine or spirit drink is special due to the place where it is made. Think of wine: it's the combination of soil, weather and the know-how of the vintner coming together in the same place that gives a wine its flavour. If you buy wine with a trade mark, you may get a certain taste, year by year, but this may have little to do with the place of production. Wine with a GI guarantees you that it has its taste from one place, and not from another.
- GIs also embody the spirit of caring about our heritage: Protecting a GI requires that production must take place in a given place, by traditional means. Offering GI protection encourages people to think about their traditional food, re-discovering what is special about the food from a given place, and valuing this.
- GIs embody the philosophy of caring about origin: in a globalised world, it is great to have food and drink that is different because of its origin; GIs are the opposite of a standardised restaurant chain meal which tastes the same all over the world, made to a standard recipe.

- GIs protect diversity: in a globalised world homogenised by multinational brands, television and travel, consumers long for products with a difference. Buying a product with a GI ensures this. The more GI, the more diversity in the supermarket!
- GIs are transparent: they let you know what's in your food! Protecting a name for the "real" food from a region requires having a recipe, and publishing it. With a GI wine, you can check what grape varieties go into it. For a GI cheese, you can check what animal breeds can be used for getting its milk.

(Value of GI to rural development)

- As you can see, the promotional value of GIs in a global marketplace is varied and significant. But what is just as significant is the impact this has had on rural areas.
- **To paraphrase an American maxim: it's the rural economy, stupid.** The income-generating potential of a well-regulated and well-promoted GI system is undeniable.

- According to a recent EU study, on average, the price obtained by the farmer or local producer for a famous traditional product is 2.23 times the price received for a comparable non-local product.
- Income stability is also increased, as a farmer will typically sign longer-term contracts with suppliers for an origin product than for other foodstuffs. This resilience to fluctuating market patterns is music to local producers' ears, as it allows for better long-term planning and financial management.
- Applying for a GI certification requires farmers in a given area to work together, which can enhance the sense of cohesion locally.
- **And there is also a further significant benefit which, although it cannot be calculated, has incalculable value – and that is pride.**
- Studies in Europe have shown that farmers and local producers feel a deeper connection to making origin products, given their link to local geography and culture. This enhanced pride of place can provide a boost to a local area, not just for farmers but throughout the community.

- GIs help against delocalisation: GI protection means that a given name can only be used for products made in a specific place. If you delocalise production, you lose the right to use the name. In times of worry about delocalisation of manufacturing jobs, GI protection ensures that jobs stay put. **Trade marked production can be moved anywhere in the world. GI production cannot.** Olive oil with the GI "Tuscany" is not only "designed" in Tuscany, but comes from olives grown on trees in Tuscany. You can go and check the trees!
- This is why GIs maintain jobs in rural areas: both in the US and in Europe, there is concern about abandoned small towns and villages in the countryside. What can we do to keep people and jobs there? How can we offer opportunities to the young? Many GIs are produced in rural areas which face the constant threat of depopulation. GI protection means that the name can only be used as long as the product is made in a specific place. It has been shown that this can ensure that the jobs stay where they are, and production does not move to the place where it is cheapest.

- There are currently around 3,300 GIs registered in the EU. Of these, around 1,750 are wine names, 1,205 food names, 336 are spirit drink names and 5 are aromatised wines. **A majority of these represent economic opportunities in rural areas, leading to more rural jobs, more rural families, and stronger rural communities. The contribution of GIs to this virtuous circle is immense.**
- To give one prominent example: in the Jura region of France where **Comté cheese** is produced, it is estimated that 8,000 jobs exist along the food chain as a result of this delicious GI product.
- 60 000 tonnes is produced every year, using a local technique whose origins can be traced back to the Middle Ages. Because this time-honoured technique can be objectively assessed to belong to this area, it has been awarded the ***Protected Designation of Origin, or PDO.***
- The impact of this award has been significant, and is quantifiable. Our statistics tell us that the number of young farmers entering milk production is higher for PDO products than for the rest of the dairy sector.

- Likewise, PDO cheeses generate more employment than regular milk chains. The production of 100,000 litres of milk generates 1 job in the regular milk sector but 2.8 jobs in the PDO sector.
- And the good news doesn't end there: the indirect economic value is also impressive. PDO cheese products are generating tourism through visits to farms and processing facilities. In the Jura region, local organisations have created the "Route du Comté" – a tourist trail which allows visitors to meet the various players in the sector: farmers, cheese makers and refiners.

(Conclusion: Synergies, challenges and opportunities)

- As you can see, we have a positive story to tell in Europe.
- But I would hasten to add, ladies and gentlemen, that these success stories did not happen by chance. **While many of these products and their production techniques are ancient, the regulatory regime which has allowed them to flourish as world-famous GIs is modern and dynamic.**

- **Today I wish to tell you that what works for us can also work for you.** With an increasing interest in local food, local markets and agri-tourism, the American public will be receptive to these ideas. Our experience in Europe is that a well-implemented GI policy can have a profound impact on consumer choices, because – quite simply – **people like buying high-quality traceable food for their families.**
- **In rural areas, if the full potential of these opportunities is adequately highlighted and explained, local communities can be empowered to get involved, developing old and new products based on their local traditions and strengths. Young farmers will be incentivised to stay in– or in some cases, young people will be attracted to move to – rural areas. In other words, GIs can be a real driver of rural regeneration.**
- The potential "rural good news story" will also resonate in the city: the knowledge that promoting and consuming GIs can contribute to keeping farmers on the land, by receiving a more stable income and new opportunities, goes down well with an urban as well as a country audience.

- I recently met Congressman Paul Ryan in Washington DC. I explained that Wisconsin Gouda is not under threat from the European GI regime. Gouda is not a GI in Europe. In fact, Wisconsin Gouda could be exported to the EU tomorrow. If he wanted he could even register Wisconsin Gouda as a GI to help promote it in Europe!
- And let us not forget the environmental dimension. We live in an era where the average consumer has a heightened awareness of how their consumer choices impact on the planet. GIs, if properly promoted, can become synonymous with the values of sustainability and biodiversity.
- The time is ripe to deepen this transatlantic discussion. I believe America and Europe are different, yet comparable players on world markets. I believe that we complement each other and that there is ample room for both of us to play a part in feeding the world with high-quality products.
- I hope that in the context of this important debate on food, I have given you some food for thought!
- Ladies and gentlemen, I thank you for your attention, and look forward to a lively discussion.