

## **Draft Minutes of the Advisory Group on « Quality of production in Agriculture » (23/03/2012)**

The meeting was chaired by Dr. BENVENUTI

### **1. Approval of the agenda and the minutes of the last meeting held on 16/12/2011**

The agenda and the minutes were approved without further comments.

### **2. Update on the latest trialogue discussions on the “EU Quality Package”:**

#### **a. / State of play of the discussions regarding the proposal for a Regulation on agricultural product quality schemes**

**The European Commission (COM)** briefly presented the subject. According to the COM representative, the latest discussions focused in particular on the following issues.

- The issue of management of supply for PDOs and PGIs was by far the most “debated” topic: the members of the COMAGRI (European Parliament) favoured the introduction of a mechanism enabling Member States to authorise, under certain conditions, producers of a PDO or a PGI product to control the volumes of production, whereas the majority of Member States of the Council opposed such system. The COMAGRI was considering a compromise consisting in limiting the scope of such a system to products characterised by a “long maturation” (e.g. cured hams). This was still subject to discussions in the Council.

- As to the possible creation of an optional quality term for “mountain products”, the COMAGRI and the Council were in favour of the introduction of such a definition in the basic act of the Regulation, whilst leaving the possibility for the Commission to amend or supplement this definition via delegated acts. The COM had some reserves as to the immediate introduction of such a term in the basic act in the absence of sufficient studies or backing documents clearly showing the benefits of such a system.

- In order to implement the COM proposals aiming at limiting the Traditional Specialities Guaranteed (TSG) scheme to products registered “with reservation of the name”, the COM proposed to set up a transition period whereby products registered “without reservation of the name” would have been phased out from 2017 onwards. For the Council and the COMAGRI, this solution was not satisfactory. Discussions would be held between the 3 Institutions on the possibility to create a simplified procedure for these products to apply for a registration “with reservation of the name”.

Several participants presented their comments

Copa and Cogeca agreed with the proposals from the COMAGRI and the Council to introduce an optional quality term for “mountain products” in the basic act and were in favour of the setting up of a mechanism enabling the control of volumes of production for PDOs and PGIs. Copa-Cogeca also expressed its concerns with regard to the COM proposal to open up the use of the EU logo for products coming from third countries and registered via bilateral agreements.

**Origin, Copa-Cogeca, and ECVC** highlighted the benefits of allowing a management of supply as a way to prevent market crisis (caused by an excessive volatility of prices) and to contribute to a better distribution of value added along the chain to the benefits of producers.

**Food and drink Europe and CELCAA** expressed some strong reservations as to the opportunity to allow such a system because this would *in fine* negatively impact the competitiveness of the production sector.

**CELCAA** expressed its dissatisfaction as to the amendments aiming at extending the scope of the TSG system to unprocessed products. CELCAA also stressed the problems of legal status of products previously registered “without reservation of the name” (e.g. “mozzarella”). Similar concerns were expressed by **Copa-Cogeca** who highlighted the fact that the products registered without reservation of the name would not be registered anymore in the future.

**The COM representative** replied that:

- With regard to TSGs, products which were registered without reservation of the name would still benefit from existing rules until 2017. The new rules would not exclude the possibility of coexistence between two similar names for the same type of product (i.e. a generic name and a protected name corresponding to the product registered through the TSG system) in so far as the specification of the product registered in the TSG system enables to differentiate it from the standard product (e.g. “traditional mozzarella”).

- As to the issue of the management of supply, COM expressed some strong reservations vis-à-vis the absence of clear definition and delimitation of the type of products which would potentially be covered by such a system. COM also emphasised that the derogations which were granted to the milk sector were justified by exceptional circumstances (milk crisis in 2009), and in the context of the phasing out of the EU quota system. No similar conditions existed in other sectors which could justify the setting up of equivalent mechanism.

b. / State of play of the discussions regarding the proposal for a Regulation on marketing standards:

As preliminary remark, **the COM representative** specified that the proposal for a Regulation on marketing standards and the proposal on agricultural product quality schemes are still being discussed independently.

He also explained that the majority of Member States are strongly opposed to the proposal from the Commission aiming at establishing an “EU common legal basis” enabling the adoption of marketing standards in all sectors. According to the COM representative, rejecting this proposal of reform would be the same as a “status quo” and would therefore be unacceptable from the COM point of view.

In response to critics made by some participants on the lack of consistency between the provisions of Regulation 1169/2011 on food information to consumers and the proposal for a Regulation on marketing standards (EU Quality Package), the COM representative stressed the fact that the logic of setting up specific requirements related to origin /place of farming labelling on sectoral basis was respected through Reg. 1169/20011 on food information to consumers which provides for new compulsory rules for a certain number of products.

Several participants presented their comments on the dossier.

**One representative from Copa-Cogeca** expressed some concerns with regard the fact that certain parts of the legislation concerning specifically fruit and vegetables products (e.g. art 113 bis - obligation to indicate the country origin for fruit and vegetables; obligations for operators handling and/or marketing f and veg. to comply with EU marketing standards) were taken out from the legislative proposal on marketing standards without any objective reasons.

**One representative from CELCAA** warned against the risks of “dilution” of the specificities of the wine sector through the “simplification” and “rationalisation” measures suggested in the EU quality package legislative proposals.

As to the first remark relating to fruit and vegetables products, **the COM representative** indicated that the compromise text drafted by from the Danish Presidency would propose to reintroduce existing article 113 bis. As to existing vertical rules applying to wine products, the COM insisted on the fact that these texts are kept automatically and that the specific rules applying to wine products will continue to be defined by sectoral legislations in the future.

### **3. State of play of discussions within the WG “product from my farm” and “next steps” envisaged by the European Commission.**

**The COM representative** updated the participants on the discussions that were held within the Working Group “*product from my farm*” (Sub group of the Advisory Group on quality). The group came to a series of conclusions, which are reflected in a working document prepared by DG AGRI services. These are summarized below.

- Agricultural products are eligible for the scheme “product from my farm” under the condition that they come from and are finalised on a specific farm which can be clearly identified via product traceability. Furthermore, the owner of the farm should exert full responsibility on the production process until the final product is ready to be marketed. Some derogations may however be allowed, including the possibility that certain processing steps take place outside the farm. All raw materials should in principle come from the same farm but here again some flexibility for buying in small additional quantities of the raw material should be permitted.
- As to the possible market channels, a number of participants highlighted the fact that the use of intermediaries should be limited, both in terms of number and of physical distance between the farmer, the intermediaries and the consumer. However, the option of not providing any limitations as to the marketing channels was also left open.
- Several “ways” to increase the visibility of the scheme were envisaged, in particular the setting of EU logo or the introduction of an optional quality term.
- Checks of compliance with the system should preferably be done by public authorities. Several experts however highlighted the fact that the creation of an EU logo would automatically require the setting up of a certification system. A number of experts were concerned with the disproportionate costs that such a system would represent for producers.

The COM representative concluded its presentation by indicating that the consultation with stakeholders and Member States would continue over the upcoming months and that a study on short food supply chains would be expected to be published by the autumn 2012.

The participants were then given the opportunity to comment the Working document prepared by DG AGRI services outlining the findings of the Working Group “product from my farm”.

One representative outlined the **Copa-Cogeca position** on the document: Copa-Cogeca was overall very satisfied with the outcome of the discussions as reflected in the document. For Copa and Cogeca certain issues may however need to be better defined at Member States levels when defining for instance additional raw materials which come from outside the farm or the possibility to define

eligibility criteria in terms of model/size of farms. Copa and Cogeca also hold strong reservations as to introduction of an EU logo.

**Another Copa-Cogeca delegate** stressed the need for “ranking” the advantages of the scheme (which are listed in the introductory part of the document) by “order of importance”, especially so as to avoid that certain of these objectives could be conflicting against each other.

**Another representative from Copa-Cogeca** insisted on the need to ensure that traceability back to the farm is ensured. A few participants from Copa-Cogeca also highlighted the fact that cooperatives structures can play a major role in processing and marketing activities.

**One representative from ORIGIN** requested that on farm produced cheeses whose ripening steps are performed outside the farm could also be eligible for the system.

**Several representatives from CELCAA** insisted on the need to ensure that food safety standards are fully respected by farmers adhering such scheme and pinpointed the potential problems of distortions of competition between companies and private own companies if the system was to be open to any type of agri-cooperatives structures.

**One delegate from ECVC** put forward the lack of homogeneity as to the implementation of EU hygiene rules, which *de facto* limit to a significant extent the possibility for farmers to engage in direct sales activities/local farming in certain countries. **BEUC organisation** insisted on the need to reassure consumers on the fact that EU hygiene rules are fully complied with by the operator whilst admitting that certain flexibility could be admitted on the way to meet the general objectives and specific requirements laid down in EU legislation. **One Copa-Cogeca delegate** insisted on the need to ensure that “flexibility tools” opened up by EU legislation are effectively used by operators.

**Several participants (BEUC, IFOAM, Copa-Cogeca)** stressed the importance of maintaining a direct link between consumers and producers which notably implies combating abusive practices sometimes initiated by certain operators along the chain (e.g. through false and misleading communication towards consumers): in particular, labelling would need to be properly designed so as to prevent such kind of situations. **BEUC organisation** was also of the view that reducing the number of intermediaries would contribute to reducing the final price of the product. **One participant from Food and Drink Europe** proposed that for the sake of clarity vis à vis consumers, the system should be renamed “direct sales” instead of “product from my farm”.

**The COM representative** closed the item by presenting the draft programme of the upcoming conference on “*local agriculture and short supply chains*” to be held on 20 April 2012. This meeting will notably address the issue of labelling for direct sales/local farming initiatives through a presentation of the works undertaken by the Working Group on “product from my farm”.

#### **4. Follow up of the “Green paper on promotion measures and information provision for agricultural products”**

**The COM representative** introduced the subject by presenting the calendar of the legislative reform of the EU promotion regime: following the consultation on the Green Paper which was held from 14 July until 7 October 2011, the COM services have been preparing a Communication which should be officially published on 30 March 2012. This document should “pave the way” of the future legislative proposals which are expected to be published by the end of the year. The results of the public consultations on the Green Book as well as the conclusions of an external study contracted by the European Commission in 2011 (and realized in 2011) will be used for the purpose of the impact assessment accompanying the future legislative proposals.

The conclusions of the external study notably outlined the need of better defining the objectives of the future EU promotion policy in order to include all promotion measures existing under the CAP, whilst simplifying and better clarifying the role of Member States and of the Commission in the selection and management of the programs. This study also shed the light on the insufficient number of programs targeting at external markets and the lack of multi-countries programmes (i.e. less than 10% in 2010-2011)

In the conclusions of the consultation on the Green Paper, the promotion of origin, externals markets, promotion on regional/local markets were identified as the top priorities by the respondents. In comparison, the interest of the respondents in issues like multicountry programs, the promotion or brands was relatively low.

The future Communication would give priority to the following aspects: EU generic promotion, development of messages on short/local circuits, promotion measures in situations of economic crisis, enhancing the possibilities of using trademarks in external programs, facilitating the programs for small holdings, shortening administrative procedures.

Several participants presented their views as to orientations presented by the European Commission.

**Several participants from Copa-Cogeca** stressed the importance of securing an adequate budget and of permitting promotion measures on the national origin as a way to promote the diversity of EU agriculture. One participant highlighted the need to enlarge the possibilities for using the promotion crisis reserve to situations of severe prices collapse.

The representative from ORIGIN indicated that access to promotion funds should only be opened to professional organisations/inter branch organisations and not to individual farmers or companies. One representative from Copa-Cogeca also proposed that access to promotion measures could be opened to national systems or voluntary schemes.

Several participants insisted on the need to ensure that promotion activities on external markets are developed in parallel with EU bilateral negotiations.

## **5. Information on the preparation of implementing rules regarding the compulsory indication of origin (Implementation of Regulation 1169/2011 on the provision of food information to consumers)**

**The COM representative** explained that the preparation of the different implementing acts foreseen by the legislation started early of the year with the consultation of Member States.

The legislative proposals related to the compulsory indication of origin for poultry, pig meat, sheep and goat meat are expected to be released in 2013: a study examining the possible modalities for recording this information will start in 2012. For that purpose a call for tender was launched by the COM on 28 February 2012. This study should start from the second half of 2012 (the contract should be awarded before the summer break) and the first results are expected by March 2013. This study will look at the possible options to define "country of origin" or "place of provenance". This examination will take into account the determining points in the animal's life (place of birth, rearing and slaughter).

The COM representative also indicated that the COM will report on the possibility to introduce mandatory origin labelling requirements for meat when used as an ingredient by end of 2013.

**Several participants from Copa-Cogeca** stressed the importance of communicating on the "place of farming" of the animal, ensuring therefore consistency with the proposal for a regulation as regards marketing standards (i.e. "Quality Package"): in particular it was noted that the absence of obligation

to indicate the origin of the raw material for PGIs (whenever coming from a different zone than the place of processing when not recorded on the cahier des charges) would be in contradiction with the new rules established by Regulation 1169/2011 on “voluntary labelling of origin” (art. 26.3). Another participant asked whether the choice between indicating the “country of origin” or the “place of provenance” should be left to the operator.

**One representative from CELCAA** asked whether “customary names” (e.g. “*Jambon des Ardennes*”, “*jambon de la forêt noire*” for which the raw material may come from a different place than the associated name) would be covered by article 26.3 on voluntary labelling of origin.

**Several participants** warned against making a direct link between the quality of products and its geographical origin.

In reaction to the comments made by the participants, **the COM representative** explained that all options for mandatory origin labelling for pig, poultry sheep and goat meat could still be considered at this stage and that differentiated requirements could be considered for each type of products considered. However, the origin indication finally proposed, will be mandatory, as foreseen in Regulation 1169/2011.

As to the eventual problems of articulation between the Regulation on food information to consumers and the proposal derived from the EU Quality Package, the COM representative specified that “Reg. 1169/2011 applies without prejudice of any specific rules”, which is the case of PGIs products which are regulated through the regulation on EU product quality schemes.

## **6. Information on the WTO-Panel decision DS 384 (Canada) & 386 (Mexico) and its possible consequences on EU legislation (i.e.: Regulation 1169/2011 on the provision of food information to consumers)**

**COM representative presented** the main conclusions of the panel decision: in this case, the country of origin labelling legislation (COOL legislation) introduced by the United States was considered as “trade distortive” and in breach of Articles 2.1 and 2.2 of the WTO Agreement on Technical Barriers to Trade (the TBT Agreement) by according less favourable treatment to imported Canadian and Mexican cattle and hogs than to like domestic products, and because of the failure to fulfil the objective of providing consumers with information on product origin. The panel found that consumer information on origin is a legitimate objective under the TBT Agreement but concluded that the US COOL legislation did not provide the information in an accurate manner but in a confusing way and did therefore not fulfil the legitimate objective.

COM representative explained that the US authorities appealed the panel ruling and that a decision by the WTO Appellate Body should be taken on the appeal between 60 and 90 days as from the date of the appeal.

A discussion was held as to the potential consequences of this panel decision on EU legislation.

### **7.AOB:**

The representative from Origin asked to have an update on the “10 plus 10 China project” at the occasion of the upcoming Advisory Group meeting.

The Chair thanked the participants and closed the meeting.

***Disclaimer***

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