Quality schemes for agricultural products and foodstuffs

2010/0353(COD) - 10/12/2010 - Legislative proposal

PURPOSE: to put in place a coherent agricultural product quality policy.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: farmers and producers of agricultural products face competitive pressure resulting from policy reform, globalisation, the concentration of bargaining power in the retail sector, and the state of the economy. At the same time, consumers increasingly look for authentic products produced using specific and traditional methods.

The diversity and quality of European Union agricultural production should be an important strength and source of competitive advantage for Union farmers. However, in order for consumers and buyers to be properly informed about the characteristics and farming attributes of agricultural product, they need to **receive accurate and trustworthy labelling** information.

Most tools already exist at European Union level. Since the 1990s, Union agricultural product quality policy has been closely identified with three Union schemes, namely for protected designations of origin (PDOs) and protected geographical indications (PGIs), for organic farming, and for traditional specialities guaranteed (TSG). In addition, Union marketing standards have provided a legislative framework for fair competition and smooth functioning of the market since the inception of the common agricultural policy.

Analysis and discussion with stakeholders has shown that **these tools may be improved, simplified and made more coherent.**

In 2007 a major conference was held bringing together all types of quality schemes: 'Food quality certification—adding value to farm produce'. The Conference led to the 2008 Green Paper on agricultural product quality, which elicited over 560 detailed stakeholder responses and provided the input for the Communication on agricultural product quality policy in 2009. In response to this communication, the European Parliament adopted the resolution, 'Agricultural product quality policy: what strategy to follow?' in March 2010.

The Quality Package consists of a set of proposals designed to put in place a coherent agricultural product quality policy. It is aimed at assisting farmers to better communicate the qualities, characteristics and attributes of agricultural product, and at ensuring appropriate consumer information. The Quality Package includes:

- a proposal for a Regulation of the European Parliament and of the Council on agricultural product quality schemes;
- a proposal to modify Regulation (EC) No 1234/2007 (the single Common Market Organisation) concerning marketing standards for agricultural products;
- guidelines setting out best practice for the development and operation of certification schemes relating to agricultural products and foodstuffs;

- guidelines on the labelling of foodstuffs using Protected Designation of Origin (PDO) and Protected Geographical Indications (PGI) as ingredients.

IMPACT ASSESSMENT: concerning **geographical indications**, the analysis showed strong justification for a Union-level geographical indications scheme and discarded alternatives to a European Union scheme for reasons of low efficiency and effectiveness (including co-regulation and self-regulation by the sector, no action at European Union level, protection through the international Lisbon Agreement , replacement by a notification system for national geographical indications, and protection through the existing Community collective trade mark).

The impact assessment identified considerable ground for **reducing complexity** and facilitating enforcement by merging the agricultural product and foodstuffs scheme with those in the alcoholic beverages sectors, while assuring the specificities of each system.

The impact assessment found that merging the instruments for protected designation of origin (PDO) and protected geographical indication (PGI) would diminish the added-value benefits of the PDO identification.

Concerning **traditional specialities guaranteed**, three options were analysed: (i) introducing the term 'traditional' as optional quality term and abolishing the current scheme; (ii) no EU action; (iii) and simplifying the current scheme (allowing only registration with reservation of the name). The impact assessment showed that eliminating the TSG scheme would lead for protected names to loss of the economic and social benefits of EU-wide protection and was found to be unacceptable to stakeholders and to the EU legislator.

In social terms, the **designations of PDO, PGI and TSG were found to contribute to the continuation of traditional forms of production to the benefit of both producers and consumers**.

However, both the impact assessments for geographical indications and for traditional specialities guaranteed highlighted the widespread failure of these schemes to attract participation of very small-scale producers, notwithstanding that small-scale producers are often associated with artisanal product, traditional methods and local marketing, the European Union schemes are seen as burdensome in terms of application, necessitate costly controls, and require adherence to a specification. Therefore, further study and analysis will be carried out in order to assess the problems faced by small-scale producers in participating in Union quality schemes. On the basis of the results of this analysis, the Commission may propose appropriate follow-up.

LEGAL BASE: Article 43(2), and for Title II also Article 118(1) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the Quality Package aims to **improve the Union legislation in the field of quality, as well as in the operation of national and private certification schemes**, in order to make them simpler, more transparent and easier to understand, adaptable to innovation, and less burdensome for producers and administrations

The **single Regulation** for agricultural product quality schemes presents **three complementary schemes** (designations of origin and geographical indications; traditional specialities guaranteed; optional quality terms) in a **single regulatory structure**, overseen by a **single quality policy committee**. A separate Regulation covers the Marketing Standards.

1. Designations of origin and geographical indications, excluding wines, aromatised wines and spirits : the proposal maintains and reinforces the scheme for agricultural products and foodstuffs, but does not

bring together the geographical indications schemes for wines, for spirits, or for aromatized wines. In the light of relatively recent reforms of the wine and spirits legislation, at this stage, the schemes should remain distinct. This issue can be reconsidered at a later date. In the meantime, the rules for the scheme for agricultural products and foodstuffs will be converged, where appropriate, to those for wines.

The main elements designed to strengthen and simplify the scheme are the following:

- recognition of the roles and responsibilities of groups applying for registration of names with regard to monitoring, promotion and communication;

- the reinforcement and clarification of the level of protection of registered names and the common Union symbols;

- the procedure to register names is shortened;

- the respective roles of Member States and groups applying for registration have been clarified with regard to the enforcement of protection of the registered names throughout the European Union, and

- the definitions of designations of origin and geographical indications are more closely aligned to international usage.

The proposal streamlines the current process of registration of designations of origin and geographical indications by shortening time delays. In addition, certain legal issues are clarified and terminology aligned with the recently adopted legislation on geographical indications for wine.

Minimum common rules on official controls to ensure product follows the specification and to ensure correct labelling in the marketplace are also laid down.

The scope of the Regulation is maintained (agricultural products for human consumption and certain other products), while dark chocolate is added.

2. Traditional specialities guaranteed: the proposal maintains the scheme for reservation of names of traditional specialities guaranteed across the European Union, but discontinues the option of registering names without reservation. The function of giving publicity, but not protection, to traditional products is best accomplished at national (or regional) level, and European Union action cannot be justified.

The renewed European Union scheme for traditional specialities guaranteed is simplified (registration process streamlined by shortening delays, procedures aligned on PDO-PGI ones) and targeted in several respects: (i) **the criterion of tradition is extended to 50 years** (from 25 years) to reinforce the credibility of the scheme; (ii) the scheme is restricted to prepared meals and processed product; (iii) and definitions and procedural requirements are substantially simplified to improve understanding of the scheme.

3. Optional quality terms: concerning the optional quality terms, which have in common with the quality schemes that they are optional and assist farmers to identify value-adding characteristics and attributes of product in the marketplace, it is proposed to bring these into the present regulation. The optional quality terms are not amended in content, but adapted to the legislative framework of the Treaty on the Functioning of the European Union.

Further study and analysis will be carried out in order to assess the problems faced by producers of **mountain products** in labelling their products on the market. On the basis of the results of this analysis, the Commission may propose appropriate follow-up.

BUDGETARY IMPLICATION: none of the European Union schemes have budgetary implications. However, it has been shown necessary for the Commission to take a more active role to protect the names of the quality schemes and the Union symbols, particularly in third countries. To achieve this, additional budgetary resources are necessary.

The initial estimate of appropriations necessary for measures in particular for the registration and defence of logos, indications and abbreviations in 3rd countries amounts to EUR 110 000 in 2012 and EUR 150 000 annually as from 2013. The funding foreseen in 2014 and 2015 is subject to the availability of appropriations in these years.