



European Economic and Social Committee

NAT/625
Promotion measures for
agricultural products

Brussels, 30 April 2014

OPINION

of the

European Economic and Social Committee

on the

Proposal for a Regulation of the European Parliament and of the Council on information provision and promotion measures for agricultural products on the internal market and in third countries

COM(2013) 812 final – 2013/0398 (COD)

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On 9 and 11 December 2013 respectively, the European Parliament and the Council decided to consult the European Economic and Social Committee, under Articles 42, 43(2) and 304 of the Treaty on the Functioning of the European Union, on the

Proposal for a Regulation of the European Parliament and of the Council on information provision and promotion measures for agricultural products on the internal market and in third countries
COM(2013) 812 final – 2013/0398 (COD).

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 1 April 2014.

At its 498th plenary session, held on 29 and 30 April 2014 (meeting of 30 April), the European Economic and Social Committee adopted the following opinion by 154 votes to 4, with 4 abstentions.

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1. Conclusions and recommendations

- 1.1 The European Economic and Social Committee (EESC) values the Commission's efforts to simplify and improve the efficiency of the policy for promoting European agri-food products.
- 1.2 The EESC particularly welcomes the fact that the Commission has set itself the goal of significantly increasing the budget for promotion measures and developing a fully fledged promotion strategy.
- 1.3 The EESC acknowledges that further support is required for promotion efforts in third countries since they have considerable potential for absorbing European agri-food products and, so far, less than 30% of the budget earmarked for promotion measures has targeted these countries. Nevertheless, aiming to spend 75% of the budget on promotion in non-EU countries seems disproportionate, given the real challenges facing the European agri-food sector. An equal (50/50) distribution of expenditure on promotion in Europe and in third countries would be more appropriate.
- 1.4 The EESC believes that European agricultural products have to contend with increasingly aggressive competition on the EU market from imported products. This is why information and promotion measures for European agricultural products need to be stepped up in the EU,

and this is all the more important since most European consumers are unaware of the comparative advantages of these products.

- 1.5 The EESC recommends that in clearly defined exceptional circumstances a Member State should be able to promote agri-food products within its own borders.
- 1.6 The EESC recommends that food products that have undergone secondary processing (not included in Annex I to the TFEU) should be explicitly included under Article 5 as eligible products and also calls for the express exclusion of fisheries and aquaculture products to be dropped.
- 1.7 The EESC recommends that the eligibility of wine promotion for EU support should not only apply if other food products are included in the same programme, but also if the programme is linked to an agri-tourism project.
- 1.8 The EESC recommends that EU support for the promotion of milk intended specifically for children in educational establishments in the EU should cover 60% of the cost, as is the case for fruit and vegetables.
- 1.9 The EESC calls for Member States to continue to be required to contribute up to 30% of the cost of promotion campaigns. Otherwise, many potential applicants will not have the financial resources to carry out promotion programmes. The EESC stresses that all professional organisations in all Member States should have the same opportunities to access support for the promotion of their agri-food products.
- 1.10 The EESC recommends that organisations should submit their applications for EU support to a one-stop-shop at the Commission and that the information concerning each application should be sent to the applicant organisation's Member State of origin before the Commission makes its decision.
- 1.11 The EESC advocates simplifying the administrative procedures involved in the preparation and follow-up of promotion programmes, namely by reducing the number of reports required by the Commission. It is particularly important to lighten the administrative burden. Greater flexibility is needed to enable programmes to adapt to evolving market conditions during the implementation phase. In order to achieve this, the amount of detailed information required when the programmes are submitted would have to be reduced¹.

¹ EESC opinion on *promotion measures and information provision for agricultural products: a reinforced value-added European strategy for promoting the tastes of Europe*, OJ C 43, 15.2.2012, pp. 59-64.

2. General comments

- 2.1 The policy for supporting and promoting agricultural products is necessary to the growth of European agriculture. Operators in the agri-food sector have to contend with increasingly keen competition in order to assert themselves on the European and global market.
- 2.2 Council Regulation (EC) No 3/2008 made it possible to carry out promotion activities with EU support. Its mechanisms have proven to be more suited to the challenges of a globalised economy than Council Regulation (EC) No 2702/1999 and Council Regulation (EC) No 2826/2000. Promotion campaigns carried out in compliance with Council Regulation (EC) No 3/2008 promoted the quality, nutritional value and safety of EU agri-products and also drew attention to other features and benefits that were specific to these products, such as production methods, labelling, animal welfare and respect for the environment. Promotion activities could for instance take the form of advertising campaigns, point-of-sale promotion, public relations campaigns and participation in fairs and shows. Between 2000 and 2012, the EU co-financed 552 promotion programmes.
- 2.3 However, experience with the support and promotion scheme for agricultural products set out in Council Regulation (EC) No 3/2008 has already revealed this regulation's limitations since in a situation affected by the economic and financial crisis, it is particularly crucial to deploy more resources and to target promotion measures more accurately.
- 2.4 This proposal was preceded by the *Green Paper on promotion measures and information provision for agricultural products: a reinforced value-added European strategy for promoting the tastes of Europe* (COM(2011) 436 final) and the *Communication from the Commission on promotion measures and information provision for agricultural products: a reinforced value-added European strategy for promoting the tastes of Europe* (COM(2012) 148 final). The European Economic and Social Committee has given its views on these two documents². It welcomes the fact that the Commission has to a large extent taken on board the conclusions and recommendations set out in its two opinions, especially with regard to increasing the budget and simplifying administrative procedures.
- 2.5 The proposal also seeks to establish a European promotion strategy, which should make it possible to target measures more accurately. This strategy should increase the number of programmes aimed at third countries, as well as "multi" programmes (submitted by organisations in several Member States) and remedy the fact that many consumers in the internal market are unaware of the merits of European agricultural products. Between 2010 and 2011, barely 30% of the budget earmarked for information provision and promotion measures was spent on measures targeting third-country markets, even though these markets offer major growth potential. Only 14% of Europeans recognise the logos of products that

² [OJ C 43, 15.12.2012, pp. 59-64](#) and [OJ C 299, 4.9.2012, pp. 141-144](#).

benefit from a protected designation of origin (PDO) or a protected geographical indication (PGI).

- 2.6 According to the proposal, there will be a sizeable increase in the total amount spent on support and projects will only be assessed at the Commission level, without prior assessment at the Member State level.
- 2.7 Other key innovations introduced by the proposal concern the possibility, framed by guidelines, of mentioning a product's origin and brand names, the inclusion of producer organisations among the beneficiaries, and a higher number of eligible products.

3. **Specific comments**

3.1 **The new promotion strategy**

- 3.1.1 One of the stated objectives of the new promotion strategy is greater support for measures in third countries. This is an undeniably important goal since these new high-growth markets have the capacity to absorb a good proportion of European production, provided that consumers can be convinced of the specific merits of European agri-food products. Nonetheless, this strategic priority should not be implemented at the expense of promotion efforts aimed at the internal market, where European agri-food products must also face increasingly keen competition from imported products. As a result, earmarking 75% of estimated expenditure for information provision and promotion measures for EU agricultural products in third countries (Recital 8) seems disproportionate and excessive, given the real challenges facing European agriculture. Fifty percent of expenditure would be a more balanced target.
- 3.1.2 Imported products are often cheaper than European ones, not only because socio-economic costs are lower but also because production standards are less stringent when it comes to food safety and traceability and the health and safety of workers. However, as the proposal points out, most consumers in the Member States are unaware of the "integral quality"³ of European agri-food products. As a result, at least the same amount of effort needs to be invested in the internal market promotion of European products as in external market promotion. This is all the more necessary since most Europeans, unlike the majority of people living in third countries, can afford the specific benefits of these products, which they will continue to buy so long as they are convinced of these benefits. Inevitably, as a consequence of globalisation and the impact of the crisis on many Europeans, a growing influx of cheap products from third countries will continue to flood the EU market.

³ EESC opinion on *The Community agricultural model: production quality and communication with consumers as factors of competitiveness*, [OJ C 18, 19.1.2011, pp. 5-10](#).

- 3.1.3 The EU's general rules prohibit the promotion of a single Member State's products since this could be construed as protectionism. This makes sense because the common market should be free of barriers. However, it would appear that in certain well-founded cases, exceptions should be made to this rule. This applies in particular to situations where certain European integration objectives are compromised, such as the goal of achieving balanced regional development. If left to their own devices, market forces sometimes lead to the replacement of a Member State's domestic production by products imported from another Member State, with the result that the growth of one country's agricultural sector is achieved at the expense of another's. This is why we believe that there are exceptional cases where it would be justified – on a case-by-case basis and in accordance with well-defined criteria – to authorise, or even support, the promotion of a Member State's agricultural products within its own market.
- 3.1.4 The EU's priorities include balanced regional and social development and the security of food supply. Nevertheless, development is far from balanced and the situation is not improving. Furthermore, food security has just fallen below worrying thresholds in several Member States: Slovakia has a self-sufficiency rate of only 47%. Efficient farming is undoubtedly the key to achieving these two objectives and agriculture cannot function properly unless it has enough outlets. The decline in agriculture in some Member States is directly linked to sale of domestic agri-food in the country's own market. The reasons for this are complex, but the various ways to boost the farming sector include information campaigns that target national consumers and extol the virtues of domestic products.
- 3.1.5 In fact, there are reliable indications that a decline in the sale of domestic products in certain Member States does not always mean that imported products are better value for money, but could be linked to other factors. For instance, in ex-communist Central European countries, the major large-scale retailers are often commercial companies of Western European origin, which obviously have close ties with suppliers in their country of origin, where they were previously based and where their purchasing centres for the new countries are often located.

3.2 **Eligible products**

- 3.2.1 Recital 6 and the official information documents published by the Commission state that the promotion scheme will henceforth be opened up to all agri-food products not included in Annex I of the TFEU (agricultural products that have undergone secondary processing) eligible under European quality schemes such as chocolate, confectionery and beer. This is seen as one of the new scheme's main innovations. However, Article 5 on eligible products and themes does not mention this since it only defines the agricultural and food products listed in Annex I and wines and spirits as eligible. This presents a problem since the content of these provisions is unclear.
- 3.2.2 Wines are the only eligible products for which information and promotion measures are subject to a condition, namely that they must be promoted alongside another product. This can be explained by the fact that the EU's information provision and promotion measures

relating to wine are one of the landmarks of the aid programmes available to the wine sector under the CAP as part of the common organisation of the market. However, the principle of promoting wine alongside foodstuffs is undermined by the exclusion of fisheries and aquaculture products, which are the natural companions of certain wines. The EESC calls for the exception covering these products in Article 5 to be dropped.

3.2.3 However, European wines have to contend with particularly keen competition from "New World wines", which has led to lower production in European countries and higher production in countries like Chile, Argentina, South Africa, Australia, the United States and even China. The reasons are complex, but broadly speaking, imported wines are cheaper, have fewer "fringe benefits" (very few geographical indications, no official quality control, far fewer vintages, few grape varieties, etc.) and are very strongly promoted. Furthermore, the ability of non-EU producers to guarantee the regular delivery of adequate quantities, with stable organoleptic properties, at reasonable prices has a strong appeal for large-scale retailers, who are on the lookout for this type of supplier. It is very difficult for the far more diverse European wine sector to respond to these demands.

3.2.4 High quality European wines therefore require even more promotion and information measures to draw the attention of potential consumers to their comparative advantages. If promotion measures for European wines must be subject to conditions for the abovementioned reasons (point 3.2.2), we advocate establishing an alternative option to the simultaneous promotion of another agricultural product. This alternative would make it possible to link the promotion of wine to agri-tourism activities. This type of wine promotion has in fact worked well in many Central European countries.

3.2.5 This mutually beneficial link with agri-tourism can in fact be extended to include all crops and livestock produce, as well as fisheries and aquaculture products, in order to maximise synergies and promote revenue diversification in rural and coastal areas.

3.3 **Implementation and management of simple programmes**

3.3.1 According to the scheme established under Council Regulation (EC) No 3/2008, the national authorities preselected the campaigns that were potentially eligible for EU support twice a year. They then submitted the proposals received to the European Commission, which in turn made its selection. The proposal under consideration seeks to simplify the procedure through a one-stop selection process for programmes, to be carried out by the Commission once a year. There is no question that this would simplify administrative procedures. However, the management of "simple" programmes (concerning only one Member State) will continue to be shared with the Member States, after selection by the Commission.

3.3.2 The EESC recommends that organisations should submit their applications for EU support to a one-stop-shop at the Commission and that the information concerning each application

should be sent to the applicant organisation's Member State of origin before the Commission makes its decision.

- 3.3.3 Under the old system, the EU could fund up to half the cost of the campaign. The trade organisation's participation in the initiative had to correspond to at least 20% of the cost. The national authorities covered the remainder⁴. In some cases, e.g. for the promotion of fruit and vegetables intended for children in schools in the European Union, the EU's could cover up to 60% of the cost.
- 3.3.4 Under the system set out in the proposed regulation, only the proposing organisation and the EU will co-finance the programmes. The national authorities will therefore have no obligation (or right) to contribute to the cost of programmes.
- 3.3.5 The EU's financial contribution may reach up to 50% of a programme's cost, but may be increased to 60% for "multi" programmes targeting one or more third countries, and for measures for fruit and vegetables specifically intended for children in educational establishments in the EU.
- 3.3.6 The EESC appreciates the fact that more cases will be eligible for a financial contribution from the EU amounting to 60% of the cost. However, it is clear that the contribution of the proposing organisation will be much higher than it used to be under the previous system since the national authorities will no longer be able to participate. This will certainly put off organisations of modest means and will result in comparatively wealthy organisations benefiting more than they did before from support for information and promotion measures.
- 3.3.7 As a result, the EESC believes that the national authorities should continue to be able to participate in the cost of promotion measures (at a rate of up to 30%), at least in cases where the Member States share the management of programmes (simple programmes).

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Regulation (EC) No 3/2008, Article 13(3).

3.3.8 Similarly, it seems advisable to authorise a higher participation rate for the EU (60% of the cost) for information and promotion measures for milk intended for children in educational establishments in the EU. In order to have a healthy and balanced diet, children today also need more milk and dairy products in addition to more fruit and vegetables.

Brussels, 30 April 2014.

The President
of the
European Economic and Social Committee

Henri Malosse
