



EUROPEAN COMMISSION

Brussels, 30.3.2012
COM(2012) 148 final

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**on promotion measures and information provision for agricultural products: a
reinforced value-added European strategy for promoting the tastes of Europe**

TABLE OF CONTENTS

1.	Promotion as a key element of the CAP	4
2.	The challenges.....	4
2.1.	Securing one's position in a situation of growing competition and opening-up markets	4
2.2.	A competitive and dynamic European agri-food sector.....	5
2.3.	Enhancing the image of European agriculture and European agricultural and food products	5
3.	Objectives of the future promotion policy	6
3.1.	Higher European added value	6
3.2.	A more appealing and assertive policy	6
3.3.	Simpler management.....	6
3.4.	Greater synergy between the different promotion instruments.....	6
4.	Guidelines for the reform	7
4.1.	A wider scope of application.....	7
4.1.1.	The beneficiaries	7
4.1.2.	The eligible products and themes.....	7
4.1.3.	The indication of origin.....	8
4.1.4.	Brand names.....	8
4.2.	A wider scope of activity with the development of technical assistance for operators	9
4.3.	Revised intervention methods, especially in multi-country programmes	9
4.4.	Promotion and the crisis.....	10
4.5.	Simplified and optimised management.....	10
4.6.	Greater consistency between information and promotion activities under the promotion scheme and other promotion measures within the CAP.....	10
4.7.	What should Europe's budget be to ensure we can achieve our objectives?	11
5.	Conclusion.....	11

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INTRODUCTION

The diversity and quality of agricultural production in the European Union are values known throughout the world. While the increasing globalisation of trade does present challenges, it also opens up new markets and new growth opportunities to be seized. In this context, offering excellent products that meet stringent standards remains a priority but is no longer sufficient for durably securing a good position on the market. The very strong reputation of our regions and of our know-how must be consolidated and maximised further.

The European Union, which has extremely diverse, high-quality production and guarantees a high level of health security, has all the resources necessary to benefit from the projected growth of world demand as long as it highlights its strengths through a better targeted and more ambitious promotion policy. In addition, on the internal market, consumers should be made more aware of the quality and diversity of the available range of products.

The aim of the legislative proposals for the reform of the CAP post-2013 currently being negotiated is to enable this policy to contribute fully to the “Europe 2020” Strategy by supporting agriculture that guarantees food safety, the sustainable use of natural resources and the dynamism of rural areas as well as growth and employment. An efficient promotion policy is key to reaching these objectives. With this in mind, in-depth discussions were launched in July 2011, including a public debate, with the adoption of a Green Paper on information provision and promotion measures for agricultural products¹ to serve as a flagship measure to reinforce the competitiveness of EU agriculture. The reflections presented in this Communication are also based on the external evaluation report, prepared in 2011, on the present promotion policy².

The task of the Green Paper was to 1) define how this information and promotion policy could better explain to consumers the effort made by EU producers to reach such a high quality, 2) to display the entire range of products and tastes from the different EU regions, 3) to stimulate exports and 4) to help European producers facing new challenges on the markets and a particularly difficult economic situation.

The conclusions of the Council of Ministers and the statements of the Committee of the Regions and of the European Economic and Social Committee issued in December 2011 in response to the revision of the promotion policy recommend that existing tools be improved, simplified and made more consistent in order to revive this policy. The European Parliament too expressed support for reinforcing promotion measures, in particular those aimed at quality products.

¹ COM(2011) 436.

² http://ec.europa.eu/agriculture/eval/reports/promotion/index_en.htm.

Against such a background, this Communication aims at increasing the added value of the agri-food sector and its contribution to the European economy by moving towards a European and global promotion policy more focused on the commercial aspects of the sector.

1. PROMOTION AS AN ESSENTIAL ELEMENT OF THE CAP

The regulatory framework for information and promotion activities targeting agricultural products has evolved since its introduction in the early 1980s. More than ever, it aims at improving the image of European agricultural products, stimulating stagnating or declining consumption trends and winning new markets.

Through the horizontal promotion scheme³ in place since 2000, the European Commission examines the generic promotion programmes proposed by sectoral trade organisations and validated by the national authorities. It then selects those schemes that fulfil the criteria laid down in the Council Regulation and its implementing Regulation. These programmes are co-financed on the basis of a tripartite agreement where the EU contributes a maximum of 50%⁴, the trade organisation a minimum of 20% and the Member States concerned pay for the rest. The annual budget allocated to promotion measures is about EUR 50 million, about one quarter of which goes to promotion in the external market.

This horizontal scheme co-exists with other promotion measures within the CAP, in the Common Market Organisation⁵ and as part of rural development⁶. The first mentioned concerns the wine sector in third countries and the fruit and vegetable sector through the operational programmes of producers' organisations.

This arrangement results in a certain lack of consistency as regards the nature of the actions and the rules, making it difficult to assess their overall impact. There are also other problems that make it necessary to reform the promotion policy as a whole, such as bureaucratic management and fragmented action that is poorly balanced between the internal and external markets.

2. THE CHALLENGES

2.1. Securing one's position in a situation of growing competition and opening-up markets

In 2010 the European Union was the world's second exporter of agricultural products for a total value of EUR 91 billion, right after the United States (EUR 92 billion), and the biggest importer (EUR 84 billion). The share of finished and processed products in European exports has increased continuously over the years. In value, these products represent over two-thirds of the EU's total agricultural exports. It is essential for European agriculture to preserve and

³ Council Regulation (EC) No 3/2008 and its implementing Regulation, Commission Regulation (EC) No 501/2008.

⁴ This rate is 60% for activities promoting fruits and vegetables among children in European schools and for information campaigns in the EU concerning responsible drinking patterns and the harm linked to irresponsible alcohol consumption.

⁵ Council Regulation (EC) No 1234/2007.

⁶ Regulation (EC) No 1698/2005.

improve its competitiveness and market shares both in its internal market and in exports, in compliance with the international trade commitments entered into by the EU.

In coming years, the possible conclusion of the Doha Round and the negotiation of new trade agreements will mean new opportunities that need to be seized by exporters of agricultural products.

2.2. A competitive and dynamic European agri-food sector

The food chain represents 6% of European gross domestic product (GDP). More specifically, within European manufacturing industry, the food industry is the biggest employer with 4.2 million jobs (13.5%) and a turnover of EUR 954 billion (12.9%). The food industry comprises 310 000 companies, 99.1% of which are SMEs⁷, and uses up a big share of the EU's agricultural production.

The success of European agriculture will depend on its ability to increase its market share and enable the highly competitive food industry sector to maintain an important position in the EU's trade and economy.

The markets are changing increasingly fast. Supply must adapt to demand that may change radically over a short period of time, especially if there is a loss of consumer confidence. The development of the internet accentuates this phenomenon⁸.

Favourable in the medium term, the prospects for agricultural markets are expected nonetheless to be characterised by greater uncertainty and volatility.

2.3. Enhancing the image of European agriculture and European agricultural and food products

The primary role of agriculture is to produce food. At European level, the CAP contributes to viable food production while guaranteeing the sustainable management of natural resources and seeing to balanced territorial development. Through their activities and their presence in rural areas, farmers have become guardians of natural resources and of environmental values that are indispensable for the sustainability and competitiveness of European agriculture.

Our agricultural and food products are the best testimonials to a Common Agricultural Policy focused on quality. Consumers in Europe and in third countries should be made aware of and recognise the advantages of European agricultural products, which comply with extremely strict standards concerning the environment, food safety and animal well-being, and of European eating habits.

3. OBJECTIVES OF THE FUTURE PROMOTION POLICY

3.1. Higher European added value

The promotion of agricultural products must not replace promotion activities in the private sector but should rather endow them with a special European dimension. By seeking higher

⁷ Source: CIAA annual report for 2010.

⁸ The number of internet users totalled 2.1 billion on 31.3.2011, or 480% more than in 2000. Source: internet world stats.

European added value and anchoring it firmly in our regions, it will be possible to promote growth and employment and contribute in this way to the “Europe 2020” strategy.

This European added value can be generated by defining a European information and promotion strategy that targets markets more precisely and offers products or messages to be highlighted (for example products with a high added value). Account should be taken of free trade agreement negotiations and the most profitable markets in order to avoid the fragmentation of effort. Furthermore, cooperation between the economic players of the different Member States contributes greatly to European added value and to highlighting the diversity of European agricultural products.

3.2. A more appealing and assertive policy

Besides being unable to create the necessary added value, the information and promotion policy is also subject to administrative constraints. Programmes have been submitted too timidly in third countries. In addition, it is not always easy to assess the range of actions, whose impact may not be seen until later. It is therefore important to conduct more appealing campaigns preceded, if necessary, by market analyses, studies of consumer habits or pilot campaigns. In order to reinforce the cost-effectiveness of the future policy, each action will require a more systematic impact assessment to confirm that the objectives set have indeed been met.

3.3. Simpler management

Information and promotion programmes are usually financed and managed on a tripartite basis (trade organisations, the Member State and the European Commission). In turn, trade organisations rely on implementing bodies such as advertising agencies to carry out the actions they have planned.

The contributions to the Green Paper are often requests to review the method used to select programmes and to make their planning and execution more flexible so changes can be made during implementation. The contributions call for a more active role for the Commission in drafting and coordinating multi-country programmes, especially in third countries. At the same time, the respective roles of the Member State and the Commission in following up and monitoring activities will be clarified in order to avoid duplication of effort and lengthy procedures.

3.4. Greater synergy between the different promotion instruments

The objective of the future European strategy for the promotion of agricultural products is to increase the added value of the agri-food sector and its contribution to the European economy. This aim requires more consistent actions to promote the CAP so that their impact can be guaranteed. While the special features of the different sectors should be kept in mind, it is desirable to seek linkages and synergies that strengthen the promotion policy.

Regardless of the scheme, a common identity, including visual and content-related elements, would provide these promotion activities with a stronger European identity and better consumer visibility and improve their performance.

4. GUIDELINES FOR THE REFORM

A variety of reform options for achieving an information and promotion policy that meets the above objectives will be examined during the impact analysis process that will accompany and be used to justify the legislative proposal to be adopted by the Commission before the end of 2012.

The guidelines elaborated below are suggested reflections based on currently available reports, in particular the summary report of the replies to the Green Paper⁹ and the ex-post evaluation report concerning the promotion policy¹⁰.

Information and promotion activities related to **local markets and short supply chains** will be covered by rural development programmes prepared as part of a cooperation project and excluded from the future promotion scheme.

4.1. A wider scope of application

4.1.1. *The beneficiaries*

The scope of the information and promotion measures could be extended beyond trade organisations. In particular, attention should be paid to the role given to private enterprises that propose programmes with high added value for the European Union.

4.1.2. *The eligible products and themes*

At present, the list of eligible products is different for internal and external markets, and this no longer seems justified. A single, homogeneous list that follows more closely the list of products covered by the quality policy should be established. The possibility to add to the list processed agricultural products not included in Annex I to the Treaty will be examined.

Furthermore, as underlined by the European Court of Auditors¹¹, among others, the promotion of European food quality schemes such as the protected designation of origin (PDO), the protected geographical indication (PGI) and traditional specialties guaranteed (TSG), and of products recognised under these schemes should receive reinforced support.

In addition to providing information on and promoting agricultural and food products, activities could also deliver thematic messages illustrating the special characteristics of European products and, in particular, their quality, gastronomical aspects, health issues, sustainable development or animal well-being. As a means of bringing consumers closer to producers, it might be worth using new technologies that would make it possible to visualise the implementation of good production practices on farms or sell products online more easily.

4.1.3. *The indication of origin*

According to the public consultation, 76% of respondents consider the indication of origin as the most important element. This shows clearly the link between food and origin and confirms

⁹ http://ec.europa.eu/agriculture/promotion/policy/consultation/summary-report_en.pdf.

¹⁰ Cf. footnote 2.

¹¹ Special report No 11/2011.

the results of consumer attitude surveys. This link can be either positive or negative (fears following health crises and other notable socio-cultural events).

A mention of “Europe”, European know-how, the European lifestyle, etc. should always feature, explicitly or implicitly, in any information and promotion measures in order to help develop the European image of agricultural and food products.

For PDO or PGI products registered in Europe, it will still be possible to include the origin as the main indication, as at present, provided that the reference is exactly the same as that registered.

Notwithstanding European rules on product labelling, it would be useful to study how including the indication of origin in information and promotion activities could boost the effect of these activities:

- on the **internal market**, regardless of the labelling rules applied to the products in question, the purpose of indicating the national origin (except in the case of a name recognised throughout Europe) would be to increase the consumption of products from the Member State concerned, which, pursuant to the rules on the free movement of goods, would be considered a measure having equivalent effect to quantitative restrictions on intra-Community trade. Therefore including the origin as the main indication cannot be authorised but it could be included as a secondary indication.

- in contrast, on the **external market**, indicating the national origin of a product in addition to its European origin, which is the main indication, might be an advantage on certain markets where, even though Europe is a well-known geographical area, the national identity of certain Member States is stronger than their European identity.

4.1.4. *Brand names*

While the role of brand names in promoting products in **third countries** was discussed in the public consultation, there was broad consensus on the importance of preserving the generic nature of information and promotion activities co-financed at European level. Indeed, it would seem that taxpayers understand better the need to co-finance generic information and promotion activities.

Products are sold on the basis of contracts concluded with importers, and therefore it would seem natural to complement generic promotion by bringing together economic players who, by definition, sell their own products. Brand names can have a leveraging effect. The impact analysis should, among other things, examine the possibility of implementing mixed schemes on the external market that would include a generic section and a commercial section where private brands could be presented. The participation of brand names should be subject to a common framework that guarantees compliance with competition rules.

It should also be examined whether the indication of collective brands should be subject to specific rules or to the rules to be laid down for brands in general.

4.2. **A wider scope of activity with the development of technical assistance for operators**

There are three types of information and promotion activities:

1-Information on the production methods used in European agricultural policy: in the **internal market**, in particular, the goal is to provide better information on the EU's agricultural products, highlighting especially the following: their great diversity, high quality, the traditions underpinning their production, the know-how and strict production standards (unrivalled outside the EU); respect for the environment as a solution to the challenges posed by sustainability requirements and climate change; health standards.

2-information on and the promotion of European quality symbols (e.g. the PDO, PGI, SGT, organic logos, etc.);

3-information on and the promotion of agricultural products and agricultural product ranges. On the external market, the aim is to help agricultural products from the EU increase their market share and to contribute to reinforcing the "Europe brand".

The public consultation is nearly unanimous about the need to propose at European level a fourth type of activity consisting of technical support (for example by providing market studies, importer lists or information on import standards¹²) in order to help operators participate in co-financed programmes, carry out efficient campaigns or develop their export activities.

The public consultation and the assessments resulted in a number of proposals for the implementation of a European platform for the exchange of information and promotion activities, featuring, for example, a website, a help desk, a joint calendar of activities, a catalogue of good practices, etc.

4.3. Revised intervention methods, especially in multi-country programmes

The activities would be implemented primarily through programmes managed by communication and promotion professionals with proven knowledge of the target markets.

Multi-country programmes make it possible to share experience and realise economies of scale, in addition to providing undeniable added value for Europe. However, while they are promoted by the current policy, they do not yield the desired results. They represented only 8% of the programmes in 2006-2010 and sometimes consisted simply in juxtaposing national programmes instead of actually combining strategies or actions. Such a "renationalisation" of programmes is counter-productive both as regards administrative management and the intended effect. A different operating method will have to be considered for multi-country programmes in order to overcome the present obstacles, such as increasingly high preparation costs, increasingly difficult coordination between the players (cultural and linguistic barriers, among others) and implementation involving several Member States.

On the Commission's initiative, and owing to their past positive record, high-level missions of the Commission Member responsible for agriculture will continue to be carried out in third countries and the Commission, accompanied by business delegations, will continue to participate in international fairs.

¹² See the sanitary and phytosanitary export database:
http://madb.europa.eu/madb_barriers/indexPubli_sps.htm.

4.4. Promotion and the crisis

A crisis is above all unpredictable. Information and promotion measures are financed under the 1st pillar of the CAP on an annual basis on the general assumption that the situation of the agricultural markets will remain normal.

Therefore, up to now, any additional promotion measures taken in response to crises¹³ have been financed by additional appropriations, added to the initial budget in the course of the year. However, owing to the constraints of the 2014-2020 financial framework, such ad hoc funding will be more difficult.

Consequently, the political issue here is whether the Community-level response to a crisis should stem from the future promotion policy or from the horizontal measures already included in the proposals for the CAP in 2020.

4.5. Simplified and optimised management

The general opinion is that the selection, follow-up and management of programmes should be simpler and more flexible and operational. Consequently the management arrangements should be examined as a whole in order to select the most relevant ones, for example outsourcing direct management by the Commission to an executive agency or sharing management tasks with or without “national envelopes”.

Where appropriate, there should be different management arrangements for the internal and the external market and for multi-country programmes or crisis programmes.

Furthermore, the requirements applied when programmes are selected will be revised and it might be possible to adopt a programme as part of a multiannual framework programme, where information is given for the first year of implementation but where detailed information for the subsequent years can be provided later.

4.6. Greater consistency between information and promotion activities under the promotion scheme and other promotion measures within the CAP

While it is essential to boost information and promotion activities by providing key messages on the characteristics of European agricultural and food products, there is also the problem of inconsistency between promotion activities carried out under the CAP but according to different rules. Consistency will have to be improved by avoiding the extremes of a simple alignment of activities, on the one hand, and a single promotion scheme, on the other, and, above all, in a manner that helps better evaluate all of the promotion measures.

In addition, in order to conduct generic campaigns with the greatest value for Europe, improve European visibility and contribute to the building of the European image, it might be useful to introduce an indication of European identity including both visual and content-related elements in all information and promotion programmes. This would be done by developing measures under a single banner, for example using a slogan such as “Taste of Europe: Quality Guaranteed”. In order for it to be efficient, this banner system could be used in all information and promotion measures and adapted to the internal and external markets.

¹³ Regulation (EC) No 698/2009 and Regulation (EC) No 688/2011.

4.7. What should Europe's budget be to ensure we can achieve our objectives?

This issue, raised in the Green Paper, and more specifically the amount of the budget was the topic of numerous contributions. When investing in promotion measures, Europe will have to look for the best possible return on investment.

Table 1: Promotion measures under the 1st pillar of the CAP (main amounts)

Scheme	Amounts	Source
COM in wine	EUR 112 million (executed in 2011)	Declarations of the Member States
	EUR 228 million (estimated expenditure in 2013) ¹⁴	Programming of the Member States
COM in fruit and vegetables	EUR 34 million (executed on average in 2008-2009)	Evaluation report ¹⁵
Horizontal scheme	EUR 47 million (executed in 2011); EUR 55.2 million (budget for 2012)	Declarations of the Member States

In the light of the objectives and in order to make the new promotion policy more efficient, consideration should be given to the advisability of reconciling these different budgets and to the financial aspects while remaining consistent with the Commission's proposals for the new financial framework.

5. CONCLUSION

This Communication bases itself on the findings of the public consultation and provides a few preliminary guidelines for reforming the promotion policy. It will be supplemented with an in-depth impact analysis that will be used to back up the policy reform and to develop a European promotion scheme that is as ambitious, especially in its external component, as those implemented by other major international exporters.

The reform of the Common Agricultural Policy is seeking to improve the organisation of the production, sustainability and quality of agricultural products. It needs to be accompanied by a promotion policy that makes it possible to deploy the entire potential of the food sector in order to favour growth and employment within the European economy.

¹⁴ In their national programmes, Member States have the possibility to reallocate these amounts to other measures. Amendments to the national support programmes for wine can be made twice a year.

¹⁵ http://ec.europa.eu/agriculture/eval/reports/promotion/index_en.htm (page 23 of the report)