



Mediterranean NRNs' Common Paper On Measure 132 -133
and art.17 of the Regulation Proposal [COM(2011)627]

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On Measure 132 -133 and art.17
of the Regulation Proposal [COM(2011)627].

I. The process that led us to the present common paper

During the 13th National Rural Networks (NRNs) Meeting, held in The Hague- the Netherlands, on November 10th 2011, a keen interest was expressed to explore and develop a platform for a “Mediterranean Macro-regional Network Cluster” through a bottom- up initiative led by the networks themselves. To work together on that common interest, a 1st meeting in Thessaloniki on February 1st 2012 was held, in order to share experiences on the theme of “Developing Mediterranean Quality Agricultural Products”, on the current implementation of RDP Axis 1 Measures 132 and 133 and debate on national experiences and future EU 2014-2020 programming.

This meeting was attended by The National Rural Networks of Italy, Greece, France, Spain, Portugal, Cyprus and Malta. The objectives of the meeting were to:

- ✓ bring the EU-Med networks together to share experiences (with the active participation of as many networks as possible) on EAFRD support for Mediterranean quality agricultural products;
- ✓ identify common problems / issues that would justify joint action at a macro-regional level;
- ✓ develop (if necessary) a clear vision and commitment for future activities;
- ✓ strengthen collaboration among NRNs operating in similar geographical / agronomic contexts

The participant Networks discussed on the need to take action on the issues identified.

It was agreed that this process will lead to the drafting of a “Common Paper” signed by all Mediterranean NRNs that through a common voice will articulate wider common and country specific issues and recommendations that can address the 2014 – 2020 programming period.

In the following weeks a set of common questions prepared by the National Rural Networks with the help of national and regional stakeholders concerning the current implementation of RDP Axis 1

Measures 132 and 133 was disseminated to all Implementing Authorities, Managing Authorities, NRNs and stakeholders.

After having collected and elaborated the answers to the questionnaire a draft paper was edited and circulated amongst the networks for agreement and consensus.

A 2nd Med Cluster meeting was held in Nicosia, Cyprus, on the 17th of October 2012. During this meeting, the findings of the survey were presented and the contents of the final “common paper” were agreed.

Once the draft “common paper” was circulated, it was discussed by NRNs via a forum on MyENRD. the final document was presented to all stakeholders during the Successful Programming Seminar which took place in Brussels on 7 December 2012.

The survey emphasizes the relevance of the two measures (132, 133) in this programming period and the convergence of views between the various NRNs on some essential key points.

According to this survey, Measure 132 is an important financing tool of quality schemes, trying to meet the following requirements:

- ✓ motivate new participants to enter and encourage current participants to continue in quality schemes;
- ✓ provide aid to farmers for a certain period, in order to cope with certification and monitoring expenses;
- ✓ guide farmers in the differentiation of products and production processes through quality strategies, new production systems compatible with the environment and certification of the performance with the established systems;
- ✓ add value to agricultural products and increase market opportunities for farmers;
- ✓ provide quality assurance to consumers.

The needs that cover the implementation of Measure 133 are

- ✓ the need of information and promotion of food products covered by quality schemes;
- ✓ the need of creating consumer consciousness towards quality products, in order to increase not only their market penetration but also their added value.

II. The Mediterranean NRNs' proposal

Article 17 [COM (2011) 627] (*ex 132 in 2007 – 2013 RDP*).

In the new Proposal, in Article 17 [COM (2011) 627], measure “Quality schemes” reaffirms the current provisions of M.132 in terms of support, although it seems more open to voluntary schemes promoted by different actors in the chain, including farm certification schemes.

In the new article, the eligibility of the measure involves only new participation by farmers. It would be necessary to change “the new participation by farmers” for “the participation by farmers”. In other words, the support must cover not only the incorporation, but also the maintenance.

Currently (2007-2013 programming period) and in the new Proposal, only individual farmers (primary producers) can apply to measure 132. The majority of Mediterranean NRNs reckon that in the new programming period 2014-2020, Producers Groups or farmers associations (*i.e. High Quality product Consortium, etc.*) should also be eligible for the support granted by art 17 [COM (2011) 627].

The Mediterranean NRNs agree that it is very important to include among the beneficiaries of art. 17 [COM (2011) 627] not only individual farmers but also (or especially) the associated forms (cooperatives, producers associations, clusters of farms, etc.) and other food chain players (not mentioned in the new Proposal), especially those who produce the product covered by the quality scheme (for instance the dairies, in the case of PDO cheeses, etc.)

The Mediterranean NRNs reckon that the above-mentioned conditions are crucial for achieving letter a) Priority 3, of art. 5 [COM (2011) 627] concerning the Union priorities for 2014-2020 rural development:

(3) Promoting food chain organization [...]

(a) Better integrating primary producers into the food chain through quality Schemes, promotion in local markets and short supply circuits, producer groups and inter-branch organizations;

This approach will allow including the whole supply chain in the process of developing and introducing new quality schemes.

But the priority must be always the primary producer. In case of including more actors of the supply chain:

- quality schemes should be recognized at community or Member State level (included voluntary schemes);
- it should only include actors of the agro-food industry (primary production, transformation and commercialization) involved in a quality scheme and that have added costs because of it
- it should be determined the degree of costs that each actor has, in order to determine the quantity of the subsidy for each one, as the primary production is usually the one that deals with more expenditures at joining a quality scheme.

Adding more actors as beneficiaries should not imply less support for producers.

With respect to the collective application of the measure, it would be quite convenient for the simplification and efficiency of the procedure, but it is important to create control mechanisms to ensure that the beneficiary is always the producer. In fact, the collective appliance should be performed preferable through farmers associations.

Furthermore this integrated approach along the supply chain is in line with partnerships - new forms of organizations envisaged by the new Article 36 Co-operation (e.g. networking, cluster of farms. etc.) as well.

Moreover the majority of the NRNs agreed on the importance of considering the following points, that should be included in the regulation proposal [COM (2011) 627]:

- The “transaction costs” (information, organization of exchanges for entering in the quality scheme) have to be considered as “fixed costs”, also as currently provided in Axis 2 for agro-environmental measures.
- The “adjustment costs” (for entering in a quality scheme, included structural costs) can be currently financed in investment measures, which, for limited amounts, are probably too complex to manage. The majority of the NRNs agreed on the need to finance these “adjustment costs”, in the new quality scheme measure, in addition to "fixed costs", and for limited amounts (i.e. up to 10,000 €).

In both cases, the opinion is that this kind of costs can be financed through other measures, but including all of them in the same

measure would simplify the procedure. All these costs should be included in the article 17, as a whole activity should preferably not be financed by more than one measure.

Furthermore, Mediterranean NRNs agreed on the need to provide specific “technical assistance” to farmers entering for the first time in a quality scheme, since it is important to encourage newcomers and attract more to enter the system. It would also increase the competitiveness of the sector.

The costs of setting up a "*brand-new* system" of quality product are often very high. The majority of NRNs agree that the possibility of reimbursement of these costs should be considered/introduced, in order to provide for an incentive in participating to a new quality scheme (especially those costs "related to the construction and preliminary approval of a brand new scheme of quality" - new PDO, PGI).

Further recommendations

The list of eligible products for support under the new measure (art. 17) could be expanded to include also agricultural products not for human consumption (for instance organic straw for organic meat production). In the case of organic meat production, expanding the list would also result in improving the environmental impact, allowing a full production potential for this important food chain.

New voluntary schemes should be always clearly linked to the RDP objectives (for instance for environmental objectives, or effective quality promotion). There are some risks from the opening to many voluntary schemes. A complex scenario where too many voluntary schemes will accompany the “classical quality schemes” could create confusion for the consumers. In this case it could be strategic to maintain the 2007 – 2013 RDP measure 133 for information and promotion of quality products in order to support the consumer to better understanding the variety of schemes.

Information and promotion of quality products

As far as it concerns Measure 133, in the new regulation proposal the current measure disappears. Information and promotion activities for quality schemes and products are provided within the new measure “Co-operation” [article 36, par 2(e) and par. 5(e)], in which there is not specific reference to quality schemes. The promotion concerns local

market, short supply chains, and generally new products, processes, and technologies.

Most of the Mediterranean countries believe that it would be helpful to reintroduce Measure 133 for quality products. NRNs as the Italian and Greek strongly agree that it is necessary to be maintained in order to support the existence of quality schemes and support market activities. This reintroduction should provide funding for beneficiaries as well as associations that promote marketing of products with a designation. However, funding for information and promotion of quality products should not be restricted to beneficiaries of the new “quality scheme measure”, (major limitation factor for current Measure 133), but should include any farmer/association involved in such products.

We could propose a differentiation of public support (eligible expenditures) as follows:

- ✓ The “famous products” addressed to national and international markets could be supported through promotion and advertising on broadcast media and magazines (within the framework of RDPs)
- ✓ Small products, addressed to local markets, can be supported with actions of promotion in trade fairs, printed materials etc.

It is also important to define proper criteria for the allocation of resources according to the economic size and organization of the different beneficiaries of the promotion and information activities.

Additionally, in order to avoid deceiving labeling in food markets, there is a great need for reintroduction of proper notice to consumers about quality schemes guarantee (quality and healthy foods), which no longer exists in the new regulation.

Further recommendation

“Information and promotion tools” for quality products aiming at non-EU Countries should also be introduced in future RDPs, especially for regional products. The beneficiaries could be consortiums but also associations, (including temporary associations) constituted with the aim of commercialization of products outside the European Union (foreign markets).

In fact the export (extra-EU) is strategically fundamental for sustaining nowadays the quality products, in a period where the EU internal demand is lower due to the current economic crisis.