

## Draft minutes of the Advisory Committee on Fruit and Vegetables

18 November 2011

1. **Minutes of the Advisory 23/06/2011:** Minutes are approved without amendments
2. **Strategic Agenda:** The strategic agenda for 2011-2013 is adopted subject to some minor changes, clarifying that the policy applies to both fresh and processed fruit and vegetables, namely for the CAP and school fruit scheme.
3. **EHEC-compensation:** Presentation by the Commission on the measures taken to cope with EHEC compensation (Regulation 585/2011). The main elements of the measures were as followed:
  - a. A budget of 226,2 Million € has been spent for coping with the crisis. Commission provided detailed budget information according to Member States notifications of 18 July 2011 in regard to repartition per Member States, measures taken (withdrawals v. green or non-harvesting), products breakdown receiving compensation and types of beneficiaries (POs or non members).
  - b. In total 160.000 T were withdrawn during one month for the 5 products, while in 2009 around 60.000 T were withdrawn.
  - c. Total cost of withdrawals amounted to 58,2 Million € (26%) while green harvesting amounted to 168 Million €.
  - d. Tomatoes represented 58% of the budget, cucumber 20%, lettuce 14%

Form the discussion, the following remarks were made

- a) The crisis had an unprecedented impact on the sector and compensations were targeted, not covering the logistics and trade which had also suffered significant losses and had to support fix cost while the market was paralyzed. The Commission should work to prevent such a crisis and a manual should be elaborated to handle and manage crisis.
  - b) The “culpability” should not be allocated to cucumbers or tomatoes and it should be reminded that a wide range of products suffered from this crisis.
  - c) Commission needs to provide more details on the compensation granted, and failing to do so, it remains suspicious that something is to be hidden
  - d) Communication in case of emergency and management of the Rapid Alert need to be revamped
  - e) DG AGRI is not to comment on the SANCO issue. In regard to compensation, CAP can not cover losses of the trade sector as it is not provided by the legislative framework and from a budget perspective would not have been sustainable. Commission provided some data by MS , but as the calculation method by MS differ, in particular regarding green/non harvesting operations, it remains difficult to provide aggregate information
4. **EHEC-promotion measures:**
- a. Presentation by Commission on extraordinary promotion measures with additional dates to present programmes of promotion on the internal market and on third countries. Delays were short but the sector provided several programmes for a total

of 17 million €. In total 14 programmes were adopted, 6 of them targeting Germany. Indeed, during the first days of the crisis, risk communication was handled in a first stage by DG SANCO. Later once the source of the outbreak was known, some actions were taken by DG AGRI for communicating in video and newspaper on the occasion of the Agri Council. These actions aimed at restoring confidence of the consumers. Programmes of promotion only come now in a third stage at a time that it is still relevant from a market perspective.

- b. The Commission should guarantee that efforts undertaken by the sector investing in traceability and certification schemes are supported by the Commission while there is a crisis. The scheme has not been useful and questions their viability. Only the process in place by producers and trade functioned as traceability.
- c. Sector urged the Commission to secure the coordination of programmes and messages of the campaign of communication that will be undertaken and questioned the criteria of adoption in regard to the content.
- d. One needs to find the responsible persons of this crisis, including the political responsibility and the method of production. System should be in place as such an outbreak will occur again.
- e. Retailers had little protagonism in assisting the sector to restore consumers confidence despite all the efforts and initiative of the supply chain.
- f. Commission will not coordinate the programmes. Actions are diverse. In regard to traceability, these efforts should not be discontinued as the traceability was of great assistance to cope with the crisis.
- g. Clarification is asked about rejected programmes. Commission responded that programmes were not sufficiently detailed. Improved programmes can be represented next November.

## **5. Crisis prevention and management measures in F&V regime**

- a. Presentation by Commission of existing scheme and measures in place since 2007 reform: special emphasis on 2009 implementation and withdrawals scheme. Instruments available include withdrawals, green/non harvesting, promotion, training, harvest insurance and administrative cost for mutual funds. In 2009, Operational funds represent a total budget of 1.4 billion €, out of which 72 million € (5%) are related to crisis prevention and management measures. The rules provide that up to 33% of the operational funds could be used for such measures. Withdrawal represent 44%, followed by harvest insurance (28%) and then promotion (26%). Other schemes have a limited impact. Spain and Italy absorb 71% of the total budget of the crisis prevention and market management measures, followed by BE NL, DE, FR. After the 2007 reform, withdrawal were significantly reduced (from over 200.000 T) to less than 60.000 T. On the other hand the part of withdrawn product moved to free distribution increased to over 20% (up from ca 10%).

## **6. School Fruit Scheme**

- a. Presentation by the Commission. The programme is now in place for the third year. The budget allocation by MS is reviewed for the first 3 years. After increased from year 1 to 2, MS are now adjusting their request downwards by MS to cope with feasibility of implementation. Most of the MS are not reaching their allocation with effective expenditure. However, in terms of implementation, the Commission noted an improvement of usage and implementation. In 2010/2011, 43.5 million € were used representing 49% of budget, up from 31% during year 1. As of 2013, the Commission proposed to increase the budget to 150 million with increased co-financing rates, namely 75-90% instead of 50-75% in convergence and uttermost regions, while accompanying measures will become available under EU aid. The website is now contracted and should soon be improved. Next August, Commission will submit an evaluation report to EP and Council based on Art 184 (5) of Regulation 1234/2007. Commission has also in the meantime already been working on some improvements of the scheme to respond to some management difficulties experienced by MS.

## **7. CAP 2013**

- a. Presentation by Commission on the Legislative proposal for the CAP 2013, including the process, the policy challenges, the proposal and the next steps. Proposal will now be discussed at the Council and European Parliament. Budget for the period is 435 billion €, with 317 billion € for Pillar one (Market oriented measures) and 101 billion for pillar two (rural development). Presentation covered the new design of direct payments and the new framework for rural development. A budget reserve of 500 million will be available for market crisis.
- b. Sector welcomes that Pos structure is mentioned. Simplification is important and should be reflected in the rules. Instruments for market management should be reinforced in post 2013 CAP, indeed some of the existing tools as applied today are insufficient. Besides, indemnity should be at a level which should be worth the administrative process, and also CAP should provide resources to allow EU production to better face the loss of competitiveness to cope with new bilateral agreements and globalization. It is surprising that the CAP should provide a compensation fund for the impact of agreements (such as Mercosur). The Commission takes as granted that these agreements will be signed and have detrimental effects. The CAP reform should also take into account the position of the processing industry. In regard to interbranch, it is provided in the package that will provide improvement in regard competition legislation while the proposal is just a cut and paste of the previous provisions.
- c. Commission responded to the various questions on existing measures to prevent crisis moving towards more positive measures (promotion, green harvesting, insurance,...). In regard to CAP some aspects still need to be specified, and response can not be provided to all questions raised at this point. In regards to dry fruit, national aid is removed and included in the CMO (art 153). In regard to green house production and its eligibility of support, there is no reason to exclude these surface from support, but this is subject to confirmation. It is reminded that beneficiaries can

not be receiving support from two different pillars for the same objective. In regard to interbranch, competition law, some articles were taken from the previous legislation. New provisions are included in regard to contract and market transparency. Provisions of the milk sector with extension of contract to all growers are not applicable. Interbranch could set up model type contract, the remaining being subject to national legislation.

#### **8. Quality package**

- a. Progress report by Commission on the discussion in regard to the quality package. The proposal was published last December, with the adoption last June by the EP of two reports (quality package and marketing standards). In regard to the Council, the Polish Presidency has received a mandate from the SCA. The discussions between the two Institutions and the Commission is taking place in trilogue, the second one being scheduled on 21 November. There is already a broad agreement on PGI and PDO. Discussions continue on rules of origins, on traditional specialties, on optional quality terms (such as mountain product or on direct sales, local product, islands products,...)
- b. Comments were made by the sector on marketing standards with a request to re-evaluate the role of marketing standards for both fresh and processed. Marketing standards remain an important tool for value of product, transparency of the market. In regard to marketing standards for processed product and the labelling of origin, this will have also to be taken in perspective of the food labelling information discussion.

#### **9. Trade with Third Countries**

- a. USA (apples and pears protocol): Presentation by Commission (DG TRADE) on the current negotiation for a joint protocol for export of apples and pears originating in BE, NL, FR, DE, IT, ES and PT to the USA. Commission reminded the procedure for PRA negotiation, some pending for decades, while Korea have a complex 12 step procedure. Some other countries (Canada) have the same procedure but no pending case. Joint protocols would make the process stronger and coordinated for several MS. Export to the USA of apples and pears are possible according to US legislation but alternative measures are needed. Information were submitted on 5 pests, but the USA came with a new pest list, requested the EU to comment. This protocol remains on the top list of priority from the EU. Sector raised concerns about the response. Commission underlined the coordination efforts to reach such a joint protocol. According to IPPC, import countries should inform exporting countries about their concerns. Commission is increasing the pressure on USA, including in Geneva. On the list, USA only submitted recently the list of harmful organisms. No date can be made. The USA is on the other hand requesting change in EU legislation in regard to citrus canker.
- b. EU Morocco trade agreement: The new agreement was unanimously approved by the Council in 2010. The revision has also the objective of creating the free trade zone in the EU Med area. Several discussions are taking place at the parliament (INTA, AGRI,..) with hearing. The report of Mr Bove is expected for early December, with a vote in January at INTA and a vote in plenary in February. The new agreement should come into force mid 2012. Producers highlighted their concerns about the

new agreements while there are still from their side criticism about the effective implementation of the existing. Commission reminded that the agreement is already signed, and the Parliament is only making a ratification. Commission reminded that TRQ are respected in term of volume while collection of import duties are the responsibility of the MS.

#### **10. Food information to consumers**

- a. Presentation by the Commission on the new Regulation on the provisions for information to consumers. The process, which started in 2003 is now finally ending. It refers to all food delivered to consumers, including prepared and served in catering establishments. The legislation has several objectives including simplification, legibility of labels, origin labelling, nutrition information. New rules will apply three years after the adoption and mandatory nutrition labeling will become compulsory after 5 years.

#### **11. High Level Forum for a Better Functioning Food Supply Chain**

- a. Progress report by the Commission on the work of the Forum. With regard to B2B contractual practices a significant step was taken towards a common definition of fairness /unfairness in B2B relations in the form of "principles of good practice" agreed by 11 business organisations. The Forum will now work on how these principles could be effectively implemented and enforced. The Forum also works on the improvement of the European food prices monitoring tool, which aims to better exploit and improve accessibility of existing statistical data, and promotes exchanges of information between national price observatories. The Forum has also reflected upon a possible sectoral approach to Corporate Social Responsibility to tackle societal issues. It also includes a report on food labelling practices. In 2012, the Forum will work on innovation, sustainable growth, risks of fragmentation of the internal market and the international dimension of competitiveness.

#### **12. Hazelnuts from Turkey**

- a. Presentation by Commission on the evolution of the controls of hazelnuts with percentage of controls being reviewed. Initially fixed at a level of 10%, it was then decreased to 5% and was recently move back to 10%. In 2010, the level of non compliance is now down and the trend is confirmed for 2011. It could lead again to a decrease of the rate of control to a level of 5%.
- b. Sector calls Commission to take measures on the basis of objective and scientific criteria.

#### *Disclaimer*

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