



PRELIMINARY ANALYSIS OF COMAGRI REPORTS CONCERNING THE CAP POST 2020 AND REVISION OF REGULATION 1151/12 ON QUALITY SCHEMES

Attention: this document does not express an AREPO political position. It simply is a first technical analysis by AREPO services.

For more information, please contact: Giulia Scaglioni, Policy officer policyofficer@arepoquality.eu

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USEFUL LINKS

[A general fact sheet provided by the European Commission can be found here](#)

[The EC Press Release](#)

[For more detail see the EC Memo: EU Budget: the Common Agricultural Policy beyond 2020](#)

[All relevant legal documentation and factsheets can be found here](#)

[Previous AREPO analysis and position paper can be found here](#)



INTRODUCTION

REGULATORY FRAMEWORK

On June 1st 2018, the European Commission published the legislative proposals for regulations modernising and simplifying the Common Agricultural Policy (CAP). [Click here to consult the EC legislative proposals](#).

These proposals concern the following three regulations within the future CAP regulatory framework:

1. **CAP Strategic Plans** (a proposed new way of working covering direct payments to farmers, rural development support and sectoral support programmes);
2. **Horizontal Regulation** (financing, management and monitoring); and
3. **Amending Regulation** (proposes amendments to CMO Reg. 1308/13, Reg. 1151/12 on quality schemes for agricultural products and foodstuffs, Reg. 251/14 on GIs for aromatized wine, among other).

The following analysis will focus on **CAP Strategic Plans** and Amending Regulation, in particular on **simplification of GIs system**, with the objective to **highlight the main amendments to the EC proposals within the first draft of COMAGRI reports**. The first part highlights some **general elements of the future CAP structure**, as well as on the **place of quality schemes** in CAP Strategic Plans. Finally, the second part and the annex contain a more **in-depth analysis of the proposals of simplification of GIs system**.

CONTEXT AND NEXT STEPS: FOCUS ON EUROPEAN PARLIAMENT SCHEDULE

The EC legislative proposal represents only **the first step** of the legislative process. Now the **proposal for the new CAP 2021-2027 is scrutinised by the European Parliament and the Council**. The co-legislators will then be responsible for taking their respective positions in relation to the Commission's proposals.

On July 5th, the leaders of the European Parliament's political groups decided to activate the [associate committee procedure](#), granting the **Environment Committee (ENVI) "shared competence" with the Agriculture Committee (AGRI)** in the environmental aspects of the post-2020 CAP. **However, the lead is still in the hands of the agriculture committee.**

At the beginning of July, the Agriculture and Environmental Committees have nominated the **rapporteurs** on the three regulation proposals:

1. **CAP Strategic Plans: HERRANZ GARCÍA Esther** (EPP)
2. Horizontal Regulation: **MÜLLER Ulrike** (ALDE)
3. **Amending Regulation: ANDRIEU Eric** (S&D)

In September 2018, the AGRI Committee started working actively on its position. The **presentation of the draft reports is scheduled for November 21st**, while the **deadline for the amendments is on December 3rd**. **The vote in COMAGRI is scheduled for 18-19 February 2019**, with a possible degree of **flexibility** depending on the volume of amendments that will be received. Finally, the reports should be voted in Plenary in March 2019.

Nevertheless, the elections of the European Parliament will take place in June 2019 and the Commission will be nominated in October 2019. Furthermore, the question of Brexit should be solved before validating the new CAP legislative proposals. All these elements will probably slow down the legislative process, since it would be extremely difficult to reach an agreement on the CAP in the coming months.

Finally, several MEPs of AGRI Committee highlighted that the main priority before the end of the current legislation will be the approval of EU budget, while they don't want to be hurried into a quick reform process of the CAP due to the sensitivity of this policy.



COMMON AGRICULTURAL POLICY PLANS (CAP STRATEGIC PLANS)

Rapporteur of the EP AGRI Committee: **MEP Esther Herranz Garcia (EPP)**

[2018/0216\(COD\)](#)

HIGHLIGHTS ON GIS

Overall the proposed amendments do not modify the new delivery model and the structure of CAP Strategic Plans. This is also the case for the rural development that maintain the proposed characteristics of EC proposal, with a list of type of intervention that leave enough flexibility to MS for the design and implementation of the specific measures.

In Rural Development quality schemes are included in “cooperation” type of measure

MS may choose to support **quality schemes** under the “cooperation” type of intervention. The text is rather general on this point and it seems possible to implement **measures to promote quality schemes**, as well as measures for the **setting-up of quality schemes** (see “*whereas*” number 45). Furthermore, this measure includes the possibility to support producer organisations or producer groups. Since the definition is left to MS, it seems reasonable to believe that **GI producer groups** (consortia) could be included among the beneficiaries of a potential measure, but it should be clarified.

On the other hand, **support for certification costs** (current measure 3.1) **seems absent** from this proposal.

Since Herranz Garcia report does not change the rural development structure, it is still difficult to evaluate the possible impact of rural development for GIs, since the new delivery model gives more flexibility and responsibility to MS in defining the specific interventions.

On one hand, this could be positive, allowing MS to adopt the most relevant measures for their territories. On the other hand, the effective impact would depend from MS choices and not from EU legislative framework. This could lead to a high variability concerning measures for GIs (as well as for other rural development issues).

As a consequence, AREPO will focus more in assuring a minimum level of harmonization at EU level, to respect the principle of fair competition. In fact, too many different support mechanisms within a common market would introduce abnormal distortions of competition.

Thus, in line with our position paper, we should propose amendments in order to:

- 1. clarify the possibilities of promotion and setting-up** of quality schemes under this type of measure;
- 2. reintroduce the support for certification costs;**
- 3. clarify that producer groups as defined by article 45 in Regulation 1151/12 can be beneficiaries** of measures to promote quality schemes as well as other forms of support for cooperation/collective organization;
- 4. include of a sub-thematic program for quality schemes for agricultural products:** a horizontal programme using different measures to support quality schemes for agricultural products and foodstuffs would be of paramount importance to address simultaneously specific local needs (see for instance current sub-thematic program for young farmers, small supply chains and mountain areas in Art. 7, Reg. (EU) No 1305/2013).

An opportunity for quality schemes in sectoral interventions

Sectoral intervention’s structure as well remains untouched by Herranz Garcia’s draft report. As highlighted in our previous analysis, sectoral interventions (currently covered by the CMO Regulation) have been included in CAP strategic plans. The draft includes **mandatory and optional sectoral interventions (Art. 39-40)**. Each MS should choose among a list of mandatory and optional objectives and types of interventions to be included in its CAP strategic plan and implemented through **operational programmes** of producer organisations and/or associations of producer organisations recognised under Reg. 1308/13.



It is important to highlight the introduction of “other sectors” in the list of sectoral interventions. This could have a positive impact, giving the possibility and flexibility to MS/regions to support relevant sectors that until now have been excluded from the CMO Regulation. This is relevant also for quality schemes that are included among the objectives and types of interventions for these sectors.

Nevertheless, since there is no budget assigned for these sectors, if a MS wants to introduce support for ‘other sectoral interventions’ in its CAP Strategic Plans, the corresponding financial allocation should be deducted from its the allocation for direct payments in order to remain financially neutral. This could reduce significantly the potential impact of this intervention.

Amendments proposed by the rapporteur touching EU quality schemes:

For fruit and vegetable sector the rapporteur proposes:

- To maintain the scope of current regulation including also **processed products**;
- To extend the objectives and possible interventions on products quality to **public and private quality schemes** (not only EU and national quality schemes), **in order to include also business-to-business schemes** such as EUREPGAP and GLOBALGAP.

For “other sectors” interventions the rapporteur proposes:

- To give Member States the possibility to **choose between programmes based on operational programmes and national support programmes**, depending on the specificities of the sector. This may help MS to adapt EU support to different production sectors and to have a transition period to implement the operational programme model.

Actions for quality schemes remain among the objectives and types of interventions admissible for these sectors both for operational programmes and national support programmes.

The draft report of MEP Herranz Garcia address one of the problems highlighted in our previous analysis, reintroducing processed fruit and vegetable in the scope of sectoral intervention. Nevertheless, producer groups as recognised by the Regulation 1151/12 are still excluded as beneficiaries of operational programmes.

Thus, in line with our position paper, we should propose an amendment in order to extend the right to implement interventions in “other sectors” to GIs producer groups as recognised by the Regulation 1151/12.

SPECIAL FOCUS ON THE ROLE OF REGIONS

The rapporteur reintroduces the possibility for strategic plans to include regionalised rural development interventions, taking into account the administrative structure of some Member States. Furthermore, the amendments specifies that even if one managing authority should be responsible for the management and implementation of each CAP strategic plan, **in the event of regionalisation of rural development elements, Member States may set up regional managing authorities.**

The rapporteur considers necessary to provide for the possibility of designating regional managing authorities responsible for regionalised elements for rural development interventions. These regional authorities will be coordinated by a single national body, in accordance with the provisions of the horizontal regulation, which allows different paying agencies to have more coordinating bodies.

AREPO welcomes these amendments that go in the right direction of re-affirming the principle of shared management for the European Structural Funds and the principle of subsidiarity. CAP objectives may only be reached through the regionalisation of the largest part of CAP instruments.



AMENDING REGULATION

Rapporteur of the EP AGRI Committee: **MEP Eric Andrieu (S&D)**

[2018/0218\(COD\)](#)

CMO REGULATION PROPOSED AMENDMENTS

The Rapporteur of European Parliament, Eric Andrieu, proposes several changes to the EC legislative proposal amending CMO and GIs regulations. In particular, his amendments include new elements to the CMO Regulation with the objective to **strengthen market regulation and crisis management**.

Focusing on GIs, the most relevant amendment to the CMO Regulation concerns the **proposal to extend the instrument of supply regulation** (already existing for PDO/PGI cheese, ham and wine) **to all PDO and PGI products, as well as to all products with a national quality schemes**.

Analysis: This is a positive development for sectors that were not covered so far and this was requested by several AREPO producer representatives. By introducing a new article, the flexibilities and specificities currently given to cheese and ham producers remain untouched by the amendment.

SIMPLIFICATION OF GIs SYSTEM

Concerning the simplification of GIs system, MEP Andrieu introduces as well some positive amendments to the Commission legislative proposal. In the table below, Commission proposals and Andrieu amendments are compared and analysed.

PROPOSED AMENDMENTS FOR ALL GI PRODUCTS

EC LEGISLATIVE PROPOSAL	ANDRIEU AMENDMENTS
<p>Modify the PDO definition: the human factor would not have to be proven systematically to secure a PDO protection, but only <i>“where relevant”</i>.</p> <p>Wine: Art. 1(9) [Reg. 1308/13, Art.93]</p> <p>Food: Art. 2(2) [Reg. 1151/12, Art.5]</p>	<p>The rapporteur reintroduces the human factor as a mandatory feature for defining a PDO, both for wine and foodstuffs. The amendment also calls for the definition of the appellation of origin to be aligned to the Lisbon Agreement as much as possible while keeping EU specificities.</p>
<p>Analysis: In our view, the amendment proposed by the rapporteur is a positive development in line with the common analysis and position defined by AREPO and oriGIn EU.</p>	

PROPOSED AMENDMENTS SPECIFIC FOR AGRICULTURAL PRODUCTS AND FOODSTUFFS

<p>Cancel the requirement that the product specifications contain <i>“evidence that the product originates in the defined geographical area”</i>.</p> <p>Art. 2(3) [Reg. 1151/12, Art.7.1]</p>	<p>The rapporteur considers the current wording of Art.7.1.d too ambiguous, and therefore he proposes to slightly modify it by emphasising the traceability of the GI product. Thus, he reintroduces this requirement clarifying that the evidence should consist in traceability elements allowing to certify that the product comes from the geographical area defined by the product specifications.</p>
<p>Analysis: In our view, the amendment proposed by the rapporteur is a positive development in line with the common analysis and position defined by AREPO and oriGIn EU.</p>	



PROPOSED AMENDMENTS SPECIFIC FOR WINE SECTOR

Extend the scope of the protection of GIs with regard to “goods entering the customs territory of the Union without being released for free circulation” (i.e. in transit) and “goods sold through means of electronic commerce”.

Wine: Art. 1(14) [Reg. 1308/13, Art.103]

Food: Art. 2(5) [Reg. 1151/12, Art.13]

The rapporteur proposes to further extend the scope of protection of **GI wines**, namely:

1. Protection against the **abuse of their reputation**;
2. **Protection of domain name** which may cause confusion, in whole or in part, with a protected name.

Furthermore, he proposes to strengthen the system for GI wine protection, where the wine is used as ingredients in a food product. This type of provision already exists in Regulation 1151/2012 on quality systems for agricultural products and foodstuffs.

Analysis: this is a positive proposal that extend the scope of GIs protection in the wine sector. Nevertheless, it would be important to include similar provisions for agricultural products and foodstuffs.

CRITICAL POINTS THAT STILL NEED TO BE ADDRESSED

In general, the Commission proposal and MEP Andrieu’s report go in the right direction. **Nevertheless, in line with AREPO and OriGIn analysis, some critical points still need to be addressed and further amendments should be introduced to assure a fair level of protection for GIs:**

1. For both wine and foodstuffs, the Commission proposes to **focus its scrutiny of GI application on Intellectual Property Rights**

Analysis: This means that the assessment of compliance with IPR will be separated by the assessment of compliance of the product specifications with the requirement laid down in marketing standards and labelling rules. As a consequence, in order to assure faster protection, a registration can be completed even if the products specifications do not comply with marketing standards and labelling rules. Nevertheless, the product can be marketed only if it complies with those rules, so this provision could cause confusion and the additional costs would have to be borne by the operators, which is not desirable.

Furthermore, limiting the examination to IPRs could eventually lead the EC to transform PDO and PGI schemes into a simple IP protection mechanism while they represent as well a tool for rural development.

Finally, separating the assessment of compliance with IPRs from the one of product specifications might lead to a lack of uniformity in PDO/PGI registrations, since Member States have different ways to look at product specifications.

2. **Simplification of the procedure for approval of amendments** concerning the Regulation 1151/12 on quality schemes for agricultural products and foodstuffs.

Analysis: This is a significant simplification of the GI management system that should be positive, as long as the Member States will not abuse their power and the Commission will maintain a certain level of control on the classification of standard amendments to assure the common nature of EU quality schemes. This is particularly relevant since the EC proposal defines the modification of the geographical area a standard amendment. This might lead to a lack of uniformity in PDO/PGI characteristics, since MS may have different ways to look at it.



As a consequence, it would be interesting to explore the possibility for the EC to control the final result of the process in order to assure the coherence of standard amendments, as well as to publish guidelines to help Member States to determine the nature (standard or Union) of an amendment and how Member States have to deal with them.

It is also important to highlight that the EC proposals introduce the possibility for the Commission or MS concerned to invite the applicant to modify other elements of the product specifications. Even if the Commission justify this provision with the necessity to update product specifications, especially in light of international trade agreements, this could bring to touch elements outside the scope of the original amendment request. For this reason we should consider if it would be better to eliminate this provision.

3. **Extension of the scope of the protection of GIs:** Commission proposal extend the scope of protection to good in transit and electronic commerce for both wine and foodstuffs. Furthermore, MEP Andrieu amendments introduce protection against the abuse of reputation and protection for domain names for wine.

Analysis: This is a significant extension of the scope of GI protection. Nevertheless, the protection against the abuse of reputation and protection for domain names as proposed by MEP Andrieu should be extended also to foodstuffs.