Update on the EU market perspectives such as organic products, Geographic Indications vs conventional food

“On line Seminar on imports of plant and products into Thailand”

(24-25 March 2021)

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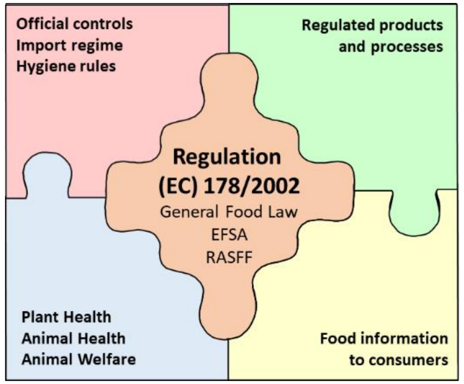
Quality schemes and conventional food

- EU General Food Law (Regulation (EC) No 178/2002 brings one of the highest levels of consumer protection in the world
- It brings a strong regulatory framework **for food business operators** with key obligations on Food Safety, Traceability, Transparency, Emergency, Prevention, etc
- EU Producers must take all necessary measures to guaranty that their product is sound and safe and respects the legal requirements at **all stages of production.**
- It brings strict provisions on **Food Safety** on issues like food improvement agents (Additives, etc), Residues (Hormones), Contaminants (dioxins), Microbiological criteria (e,g,: Listeria, Campylobacter, Salmonella)

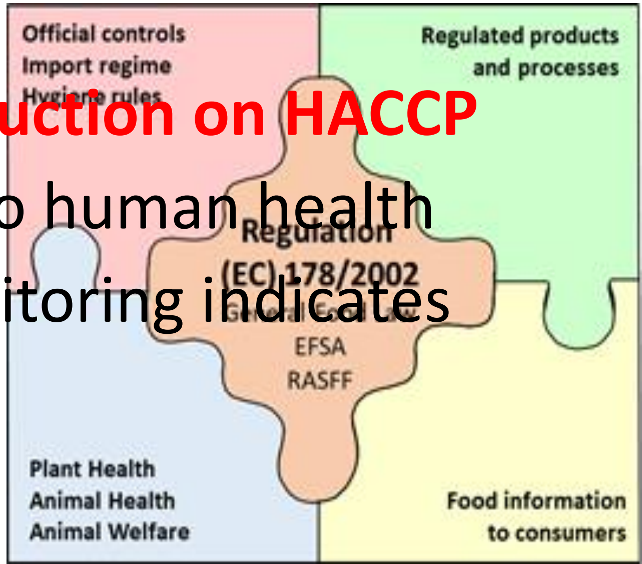


Quality schemes and conventional food

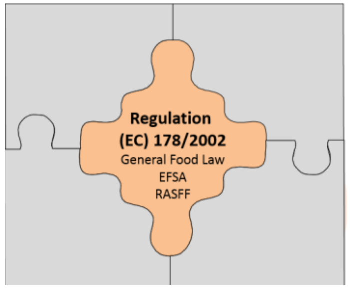
- It brings strict provisions on issues like **Food contact materials** (Plastic materials, etc) , food processing (Genetically Modified Organisms), Irradiation, Animal Nutrition
- It brings information in terms of **Food Information** for consuers: Food labelling, labelling modalities, Nutrition labelling, Front-of-Pack labelling, Nutrition and Health Claims
- It brings provisions of **Animal Health, Plant Health and Animal Welfare**
- It brings provisions on **official controls**
- EU law brings strict provisions on Controls on **Hygiene Production on HACCP**

  - is meant to ensure that food products are not a risk to human health

  - Establish the corrective action to be taken when monitoring indicates that a particular CCP is not under control



EU Food Trade



Regulation (EC) 178/2002:

- ❑ Obligations relating to international standards
- ❑ **Obligations relating to imports into the EU**
  - ❖ Food **imported** into the EU **must comply** with:
    - ➢ the **relevant requirements of EU food law**,
    - ➢ or conditions recognized by the EU to be at least equivalent,
    - ➢ or, where a specific agreement exists between the EU and the exporting country, with the requirements contained therein.
  - ❖ **Equivalence:** The EU generally insists on EU standards being met, but will accept the procedures and controls performed in the exporting country to verify and, as the case may be, certify that EU food standards have been met.
- ❑ **Obligations relating to exports to outside the EU**
  - ❖ **Food exported** or re-exported from the EU:
    - ➢ must comply with the relevant requirements of EU food law,
    - ➢ unless otherwise requested by the authorities of the importing country
  - ❖ **Food, which is injurious to health**, may not be exported or re-exported from the EU.

Conventional food vs food quality schemes

- Any food produced in the EU must comply with the ***minimum sanitary standards* as included in EU legislation**
- Same applies to food produced under Geographical Indications or Organic farming schemes**:** sanitary requirements under the General Food Law *equally applies to conventional, GIs and Organic food products*
- No GI/Organic product can be placed in the EU market unless produced in compliance with EU sanitary legislation
- GIs/Organic food labelling are **QUALITY schemes *(and not sanitary schemes)***, bringing additional benefits/value added to food **on top of** those already established by the compliance of the sanitary legislation
- GIs/Organic labelling are **OPTIONAL and VOLUNTARY** schemes.
- However, complying with EU food-producing sanitary standards is **MANDATORY**

GIs as marketing tools

- Geographical indications are distinctive signs: they function as product differentiators on the market

- The role of logos - brand recognition is an essential aspect of marketing.

- Consumers are prepared to pay more for such products Specific markets for products linked to their place of origin.

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Protection of PDO/PGI in the EU

- Valuable intellectual property right (collective right)
- Protection of the name not of the product:
- Against any misuse, imitation or evocation and any other practice liable to mislead the consumer
- Right to use: applies to any operator within the geographical area respecting product specification
- Protection unlimited in time (but possibility of cancellation if compliance with the product specification is no longer ensured)

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Legal Framework for GIs

- **WTO**: TRIPS agreement as framework - Articles 22-24 (no register, legal basis for bilateral agreements)
- **WIPO:** Geneva Act of the Lisbon agreement (multilateral register)
- **EU**: Four sets of rules for food, wine, spirit drinks & aromatised wines (EU register). Exclusive EU competences as regards the 4 sectors:
  - Agricultural products and foodstuffs - Regulation (EU) No 1151/2012
  - Wines – Regulation (EC) No 1308/2013
  - Spirits – Regulation (EU) No 2019/787
  - Aromatised wines - Regulation (EU) No 251/2014

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EU Quality Designations

1. Defined geographical area + 2. Specific product + 3. Link between 1. and 2. = **PDO** **PGI** **GI**

- **PDO**
  Protected Designation of Origin
  (food & wine)
- **PGI**
  Protected Geographical Indication
  (food & wine)
- **GI**
  Geographical Indication
  (spirits & aromatised wines)

EU Quality Designations

	PDO	**PGI**
Name	Identifies a product originating in a specific place, region or (exception) country	Identifies a product originating in a specific place, region or country
Link with geographical area	Quality or characteristics essentially or exclusively due - natural/human factor	Quality, reputation or other characteristic essentially attributable
Production steps	All in geographical area	At least one in geographical area
Raw materials	Geographical area (variety *Vitis Vinifera* for wine)	Anywhere (85% grapes from geographical area for wine)

EU GIs: what is in it for **consumers**?

- The EU GI system provides guarantees on the:
  - ✓ Origin of the product
  - ✓ Quality of the product (specification)
  - ✓ Authenticity of the product (protects product names from imitation)
- It reinforces consumer information on the unique character of these products
- It preserves centuries of tradition, cultural heritage and know-how.
- It is ensured by official controls on production site and on the market
- It prevents the standardization of products and allows to offer a wider choice to consumers

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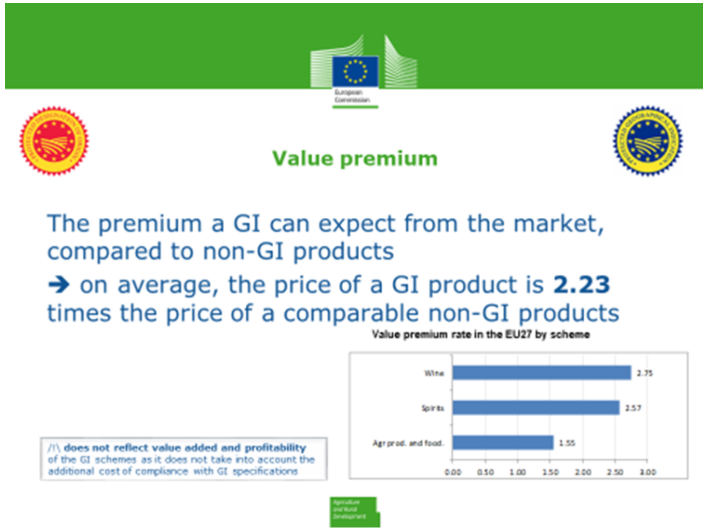
EU GIs: what is in it for **producers**?

- The GI name is reserved to products respecting the specification
- Production is kept in the geographical area, protecting local value at global level
- The GI name is not reserved to one single producer, but can be used by all producers in the production area respecting the specification (collective IP right)
- Administrative protection by Member State public authorities for EU wide protection
- Differentiation on the market allows often a **better price**. A recent study confirms a significant positive effect of GIs on price. On average **2.23 times** the price of a standard product.
- Organisation of farmers in producer groups provides the opportunity for stronger position in the agri-food supply chain and better distribution of value added
- Same applies for farmers/producers located outside the EU: they can register a GI name in the EU through direct application



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EU GIs: what is in it for **producers**?

- EU GIs economic figures:
  - Estimated total sales value of EU GIs: € 75 billion in 2017 (estimated at wholesale stage in the region of production)

    = 6.8% of the total EU food and drink sector

  - Estimate of EU GI exports value to non-EU countries: € 17 billion in 2017

    = 15% of EU food and drink exports; wines & spirits: 89% of total GI exports (in value)

  - Sales destinations:

    = **58%** of sales take place on the national MS market, **20%** on the EU market and **22%** in third countries

  - ABOUT EXPORTS: Wines continue to be the most important products, both in terms of total sales value (51%) and extra-EU trade (50%). The **USA, China and Singapore** are the main destinations for EU GI products, accounting for half of the value of GIs exports.

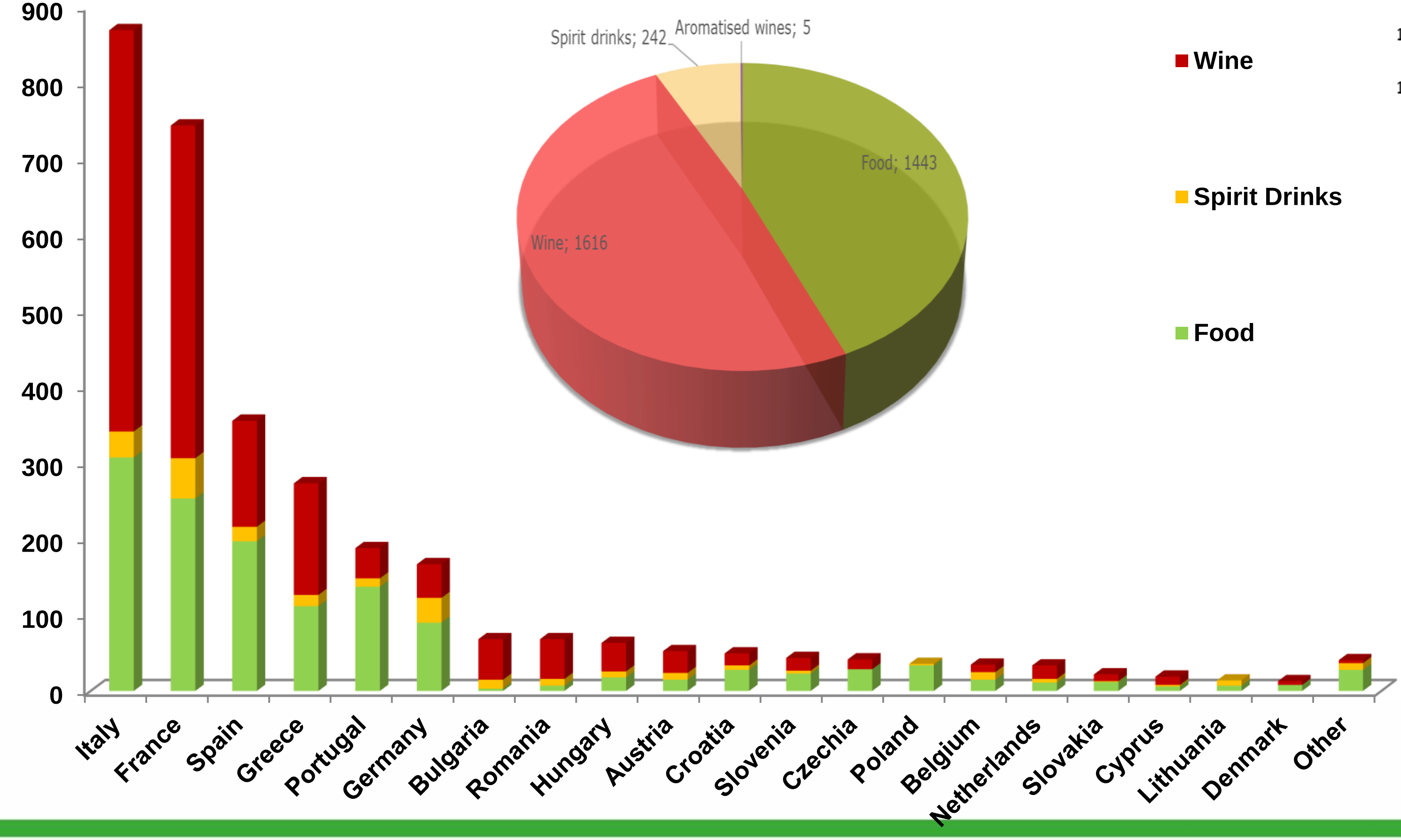
EU GIs – Benefits Society

- Secures more of the added value processes in local areas:
  - Maintain jobs in (often) remote areas
  - Maintain economic activities in rural communities
  - Lead potentially to job creation

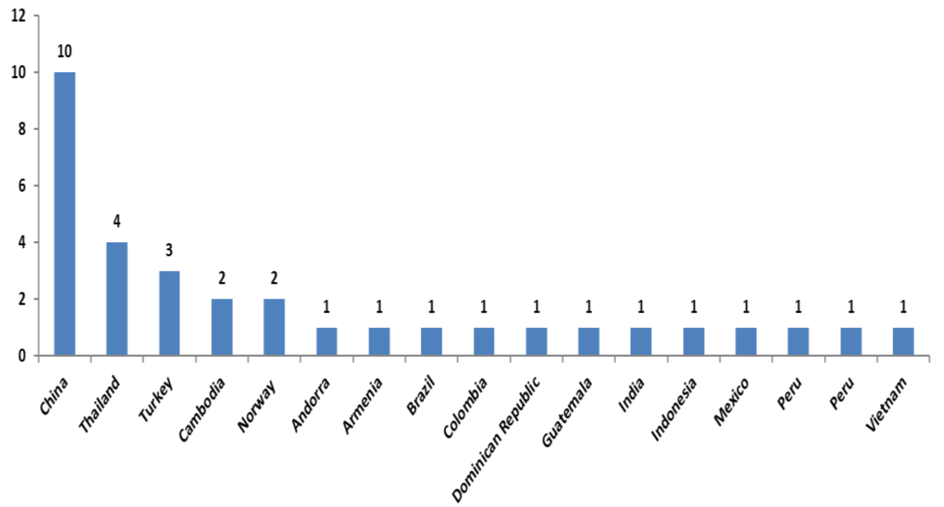
- GIs encourage the preservation of
  - Biodiversity (local races, varieties)
  - Local savoir-faire and traditional methods
  - Landscapes   tourism

GIs registered and protected in the EU

Total **Registered GIs (3.306) - January 2021**



Registered Third Counties' GIs by Country, Total (33) – August 2019



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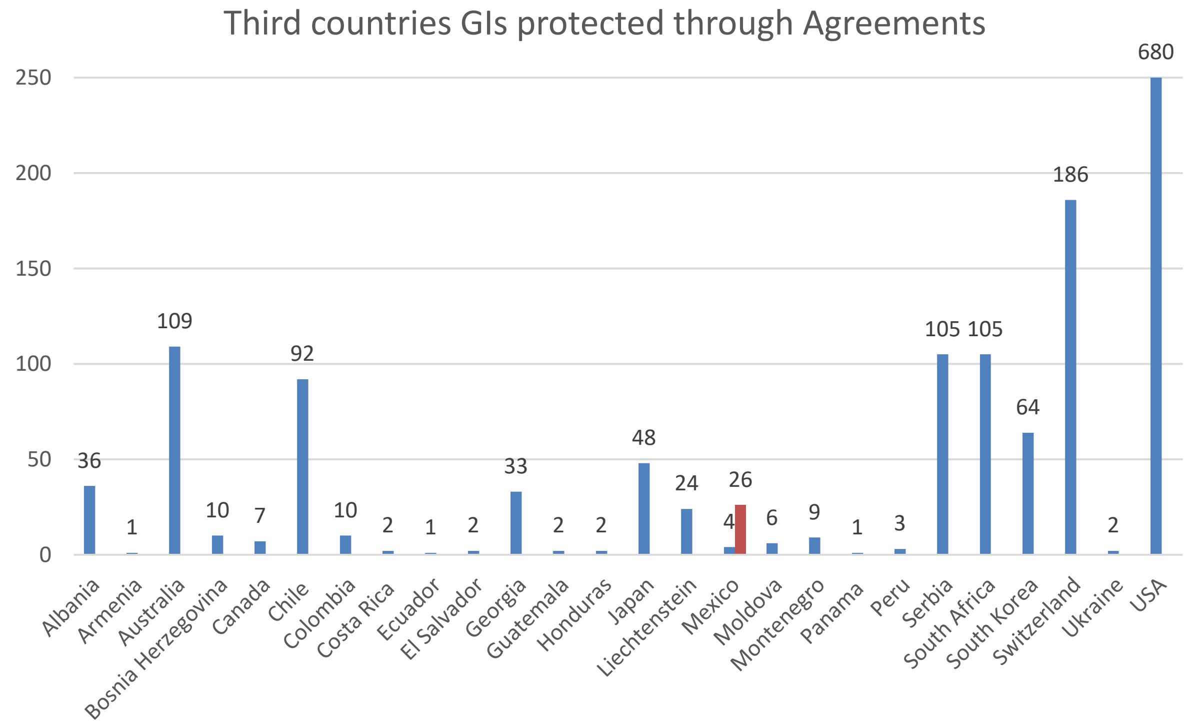
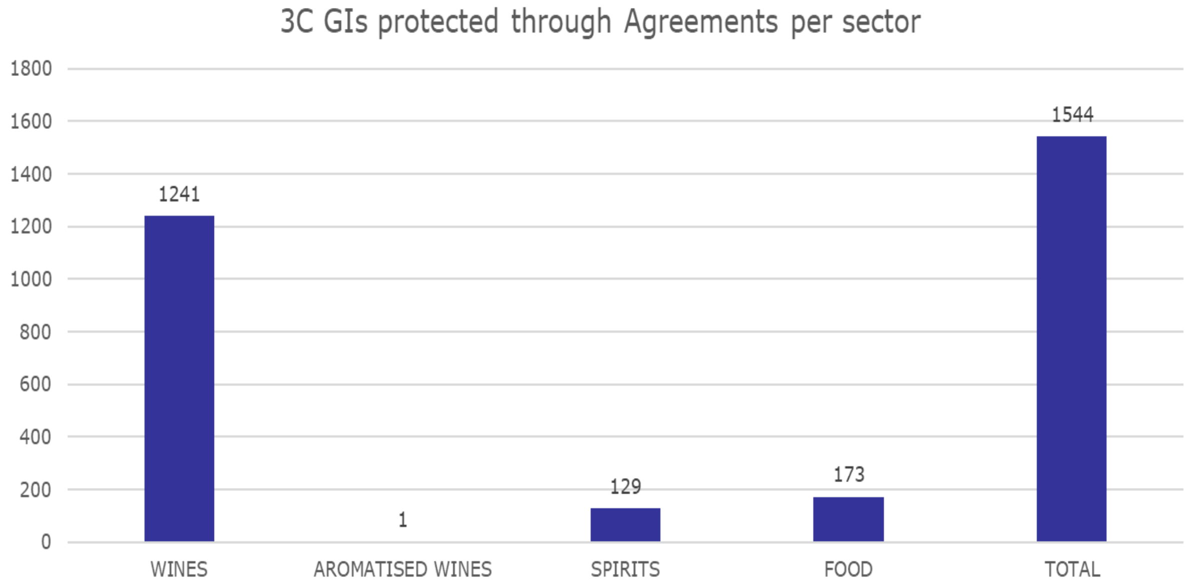
Third Countries GIs protected through bilateral Agreements





Protection of GIs (fruits & vegetables) through trade agreements

- Citron de Menton: https://www.tmdn.org/giview/gi/EUGI00000014561
- Wachauer Marille: https://www.tmdn.org/giview/gi/EUGI00000013371
- Beelitzer Spargel: https://www.tmdn.org/giview/gi/EUGI00000014876
- Plátano de Canarias: https://www.tmdn.org/giview/gi/EUGI00000014347
- Pêra Rocha do Oeste: https://www.tmdn.org/giview/gi/EUGI00000013606
- EU-CHINA GIs bilateral agreement:
  - EU side: *Pêra Rocha from Portugal*.
  - CHINA side: *Gannan navel orange, Fangxian mushroom, Nanfeng sweet orange, Korla pear, Anyue lemon, Jingning apple, Wuxi potato.*

Success stories

Darjeeling PGI (India)

Protection for export markets

Control over product presentation (100%)

2004 national DO

2011 EU Registration (PGI)

Significant increase of price after EU registration

Double price of substitutes

DARJEELING

Success stories

Café de Colombia PGI (Colombia)

Strategy of differentiation by origin

Control over product presentation (100%)

2004 national DO

2007 EU Registration

Increase in production as of 2013

Increase in growers' income

Difference $ 0.38 per pound with substitutes

European Commission

Success stories

Kampot Pepper PGI (Cambodia)

In 2010 protected as a GI at national level
In 2016 protected in EU and Vietnam
In 2017 protected in Thailand

Price boosted after EU registration
Operators/families/producers doubled in 4 years
Production doubled in 4 years (70% export)
Positive impact on image of the territory (tourism)

EU official controls system

- Product compliance with the corresponding specification
  - *Before placing the product on the market*
- Use of the name in the marketplace
  - *Checks based on a risk analysis*
- Audits by Food and Veterinary Office (DG SANTE)
- Customs Controls (DG TAXUD and MS customs) initiated by GI holders (customs are requested to look out for certain shipments or suspicious cargos containing goods suspected of infringing GI rules)
- Trade mark examinations (EUIPO and MS IPOs)

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Organics in the EU

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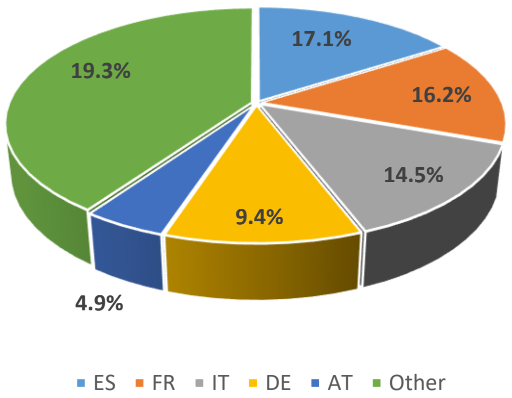
EUROPE: ORGANIC FARMLAND 2019

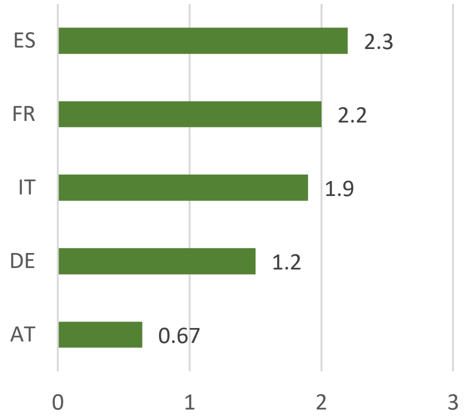
European Union 13.8 Million ha

More than half of EU organic farmland is in 4 countries.



Share of EU organic land 2019

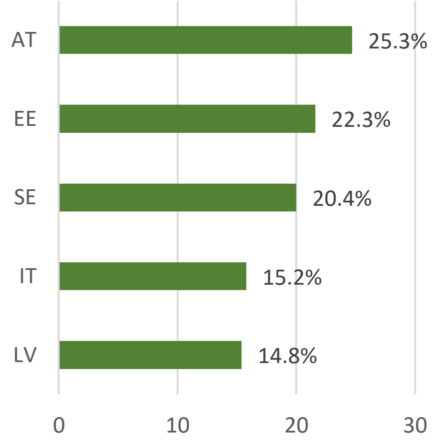
Spain 2.3Million ha



Top 5 countries with the largest areas of organic agricultural land 2019

8.5%

of EU farmland is organic



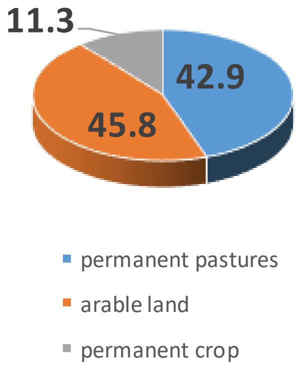
Eleven countries have 10% or more of their agricultural land under organic management.

+46% 2012-2019

c

+ 4 million hectares 2012-2019

In 2019, 0.8 million hectares more were reported compared with 2018. (0.5%);

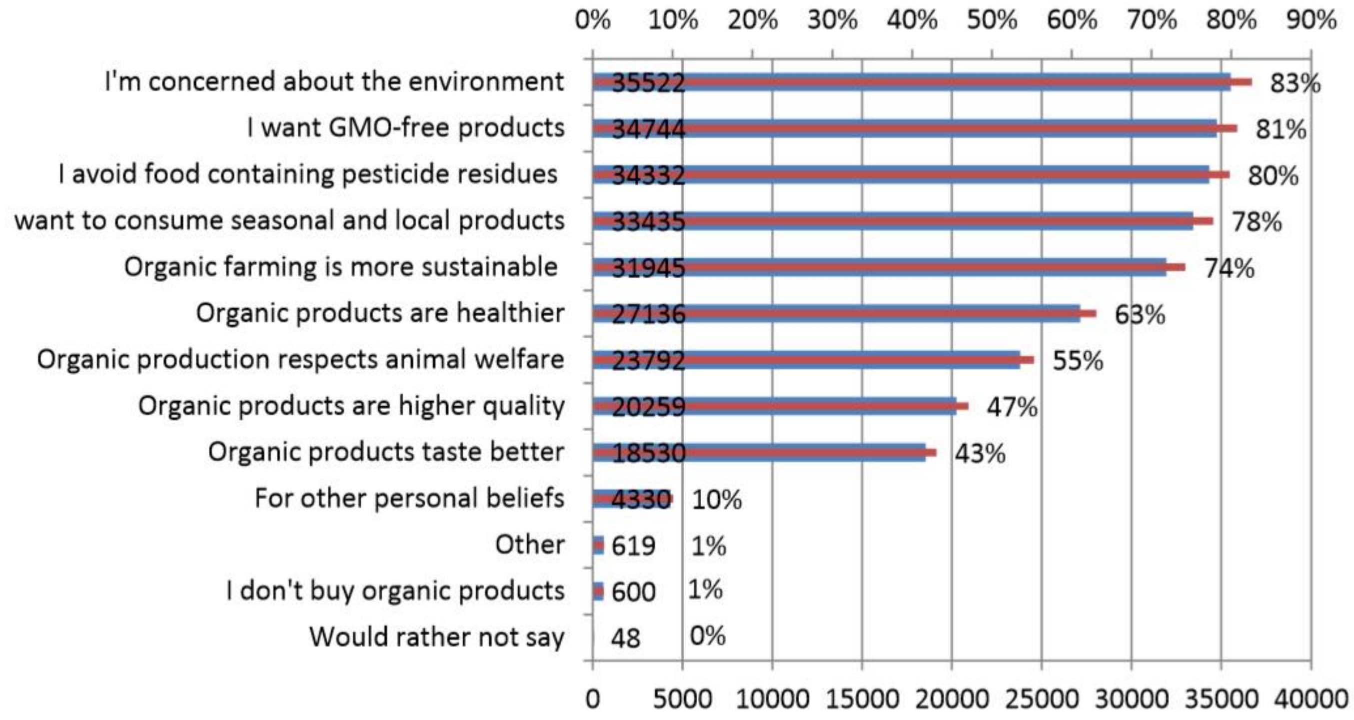


Share of the use of organic land

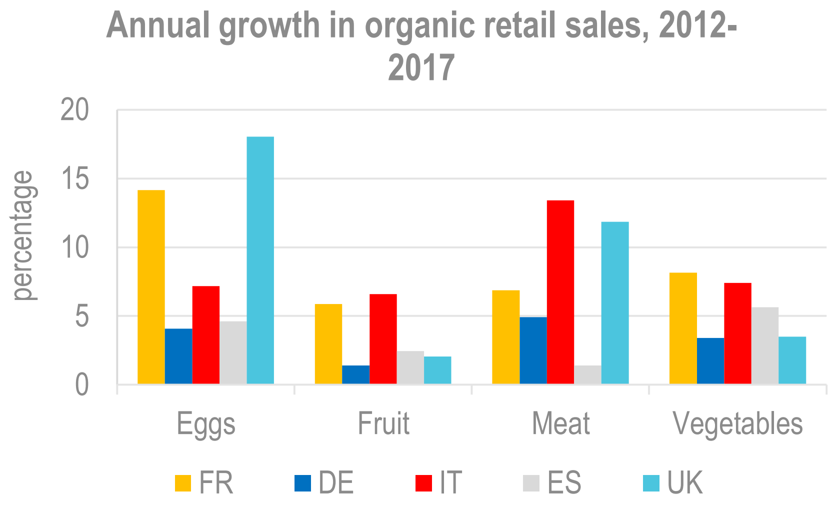
Agriculture and Rural Development

Source: Eurostat

Environnemental and health concerns are driving organic consumption



Number and percentage share of EU citizens' replies on rationales behind consumption of organic products.



- High penetration of organic in eggs, fresh fruit and vegetables and dairy
- Low penetration in beverages (excl. wine), meat and processed products

IMPORTS TO THE EU 2019

European Commission

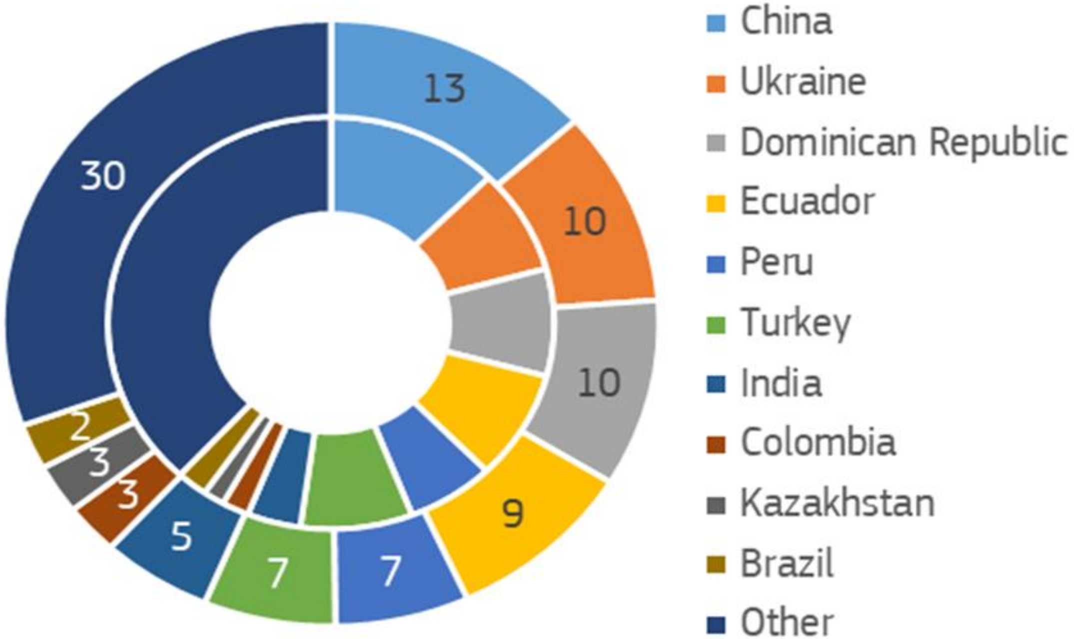
Imports into the EU 2018 and 2019 in thousands of tonnes

	2018 imports	2019 imports	Change (%)
Commodities	1 844	1 740	-5.7
Other primary	1 134	1 236	9.1
Processed products incl.	196	198	1.1
Food preparations	34	41	21.4
Non edible	15	16	8.0
Fish and other non agri	7	9	31.5
Beverages	2	3	54.1
Total	**3 231**	**3 242**	**0.36**

WHICH ARE THE EXPORTERS TO THE EU?

Main suppliers: China, Ukraine, Dominican Repubblic and Ecuador (%)

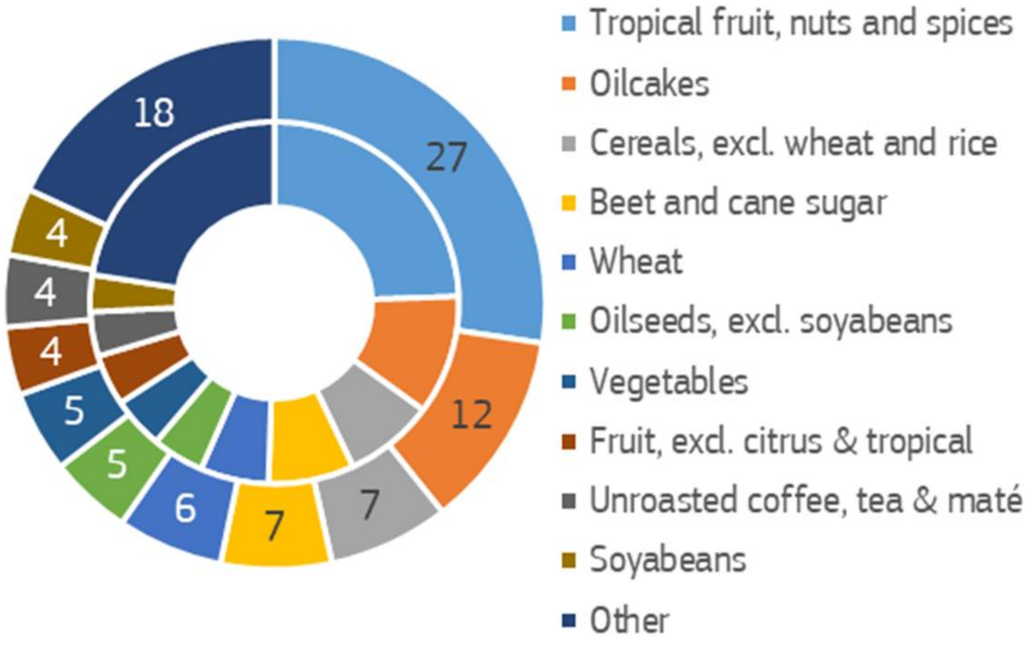
SHARE (%) OF TOTAL ORGANIC AGRI-FOOD IMPORT VOLUMES BY COUNTRY, 2018 (INNER CIRCLE) AND 2019 (OUTER CIRCLE)



WHICH PRODUCTS?

- 27% - Tropical fruits, nuts and spices +13% (compared to 2018)
- 12% - oilcakes +13% (compared to 2018)
- 7% - cereals (excl. wheat and rice) -8% (compared to 2018)

SHARE (%) OF TOTAL ORGANIC AGRI-FOOD IMPORT VOLUMES BY PRODUCT CATEGORY, 2018 (INNER CIRCLE) AND 2019 (OUTER CIRCLE)



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➔ Protection of any term referring to organic production, including derivatives or diminutives (bio, eco), in any Community language, for labelling and advertising.

➔ Operators who want to adhere to the scheme have to be certified: producers, processors, warehouses, distributors, importers and of course exporters

➔ Open to producers/farmers located outside the EU

➔ European Commission audits in MS and control bodies

➔ Strict control rules, reinforced in the last years: annual inspections + extra risk based, unannounced, minimum sampling % requirement and so on.

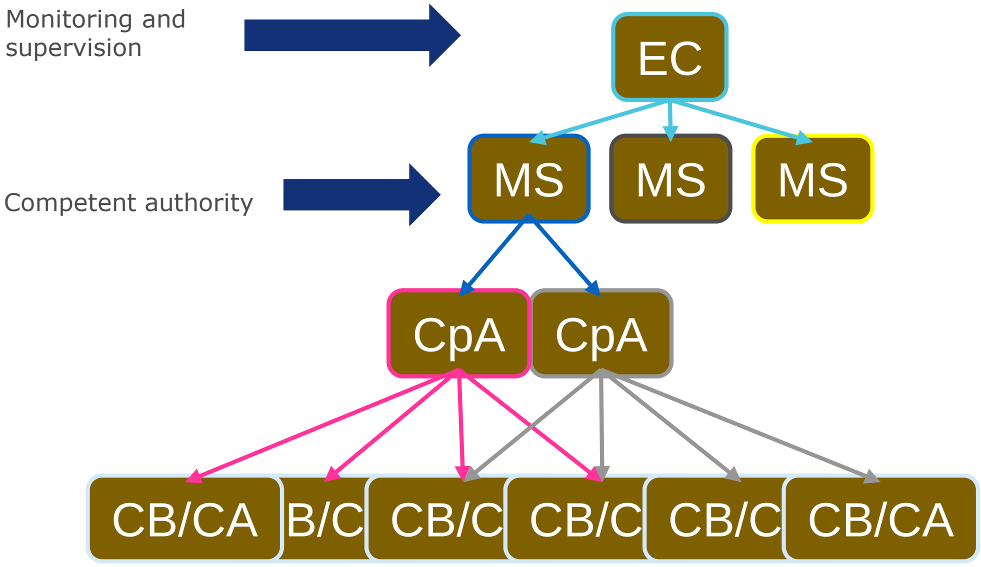
➔ Explicitly prohibit the use of these terms for a product submitted to GMO labelling.

➔ Compulsory indications:

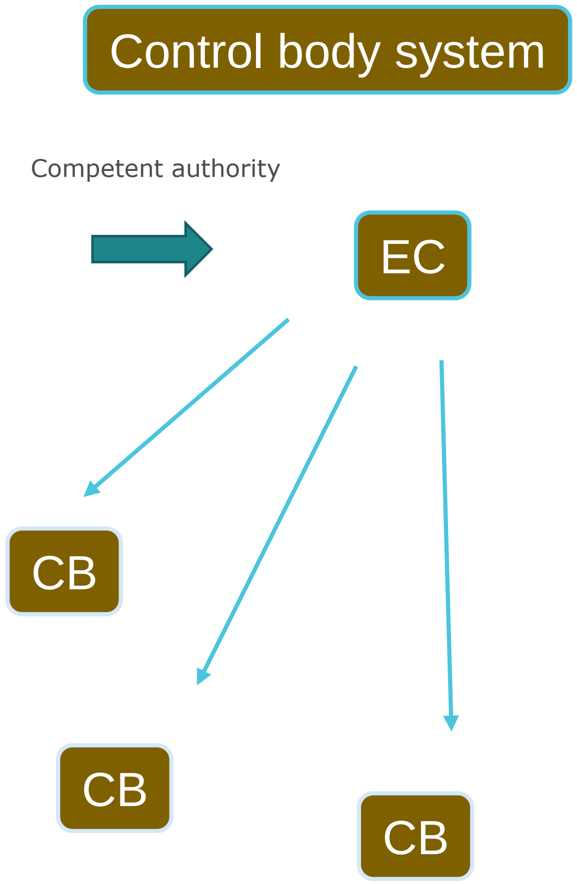
- code number of the CB/CA
- EU logo
- ‘EU/non-EU Agriculture’

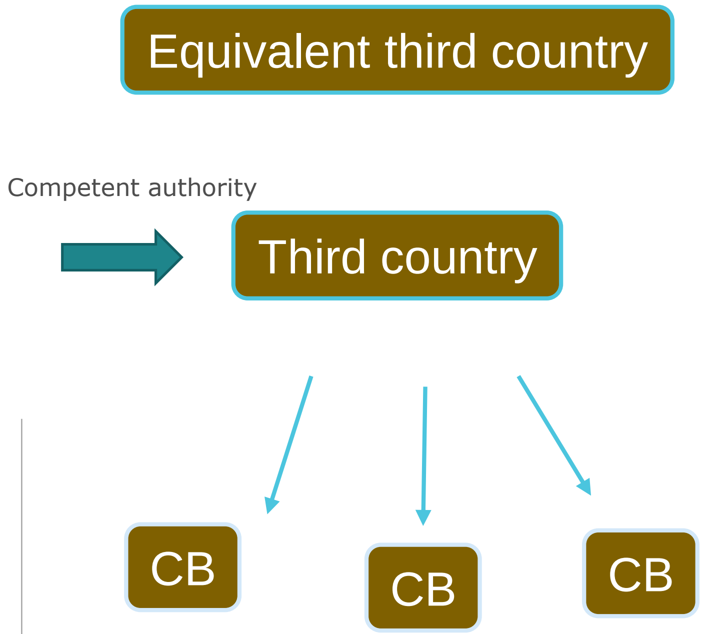
THE EU CONTROL AND CERTIFICATION SYSTEM

IN MEMBER STATES



IN THIRD COUNTRY





Equivalent third countries: Argentina, Australia, Canada*, Chile, Costa Rica, India, Israel*, New Zealand*, Japan*, Switzerland*, Tunisia*, Korea*, United States

F2F strategy and organics

- On December 2019, the European Commission unveiled the **European** Green Deal, aiming to make Europe the first carbon-neutral continent.

- One of the several strategies to realise the Green Deal is the **Farm to Fork strategy**, published in May 2020.

- The Farm to Fork strategy is at the heart of the Green Deal and “addresses comprehensively the challenges of *sustainable food systems*”

- It also recognizes that our food and farming systems are responsible for about a third of global greenhouse gas emissions and almost 70% of all agricultural greenhouse gas emissions can be attributed to animal production. This is why the strategy declares that “there is an urgent need to reduce dependency on pesticides and antimicrobials, reduce the use of fertilizers, ***increase organic farming***, improve animal welfare, and reverse biodiversity loss”.

- Among others, the strategy sets a target of **25% organic land in Europe by 2030** and identifies measures to boost the demand for organic products through promotion schemes and green public procurement.

- The planned allocation of €40 million to organic farming under **promotion policy 2021** is only one of the crucial steps to boost demand and raise awareness on the benefits of organic farming.

Thank you for your attention!

http://ec.europa.eu/agriculture/organic/eu-policy/policy-development/index_en.htm