

ANALYSIS OF COMMISSION LEGISLATIVE PROPOSAL CONCERNING THE CAP POST 2020 AND REVISION OF REGULATION 1151/12 ON QUALITY SCHEMES

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

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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



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 legislative proposals.

These proposals give shape to the ideas for the future of the CAP and 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. 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

The EC legislative proposal represents only **the first step** of the legislative process. Now the **proposal for the new CAP 2021-2027 will be 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.

COUNCIL

On June 18th, the Council had a first formal exchange of views on the Commission proposals to reform the CAP after 2020. The Ministers welcomed various elements of the proposals but expressed concerns about the cuts proposed by the Commission to the CAP budget in general and rural development in particular, and were skeptical as to the capacity of the new CAP to deliver genuine simplification for national authorities and farmers.

On behalf of a group of member states (Finland, France, Greece, Ireland, Portugal and Spain, supported by Croatia, Cyprus, Hungary, Lithuania, Luxembourg, Poland, Romania and Slovakia), the French delegation presented a joint memorandum on the CAP budget in the context of the future MFF.

The memorandum regrets the proposed reduction of the CAP budget in the context of the MFF as this would threaten the viability of European farming, and requests that the future CAP budget is increased and brought back to the current EU-27 level.

EUROPEAN PARLIAMENT

On July 5th, the leaders of the European Parliament's political groups decided to activate the <u>associate</u> <u>committee procedure</u>, granting the <u>Environment Committee</u> (ENVI) "shared competence" with the <u>Agriculture Committee</u> (AGRI) in the environmental aspects of the post-2020 Common Agricultural Policy (CAP). This means that:

• ENVI will have enough room to influence the CAP legislation when it comes to environmental issues;



- the coordination between the two committees before submitting the final proposal is enhanced;
- the timetable of the legislative procedure shall be jointly agreed by the committees concerned; and
- the rapporteurs of both committees will be able to be present at the **negotiations** on the CAP reform with the member states and the European Commission.

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:

Regulation	AGRI Rapporteur	ENVI Rapporteur
1. CAP Strategic Plans <u>2018/0216(COD)</u>	HERRANZ GARCÍA Esther (EPP)	LA VIA Giovanni (EPP)
2. Horizontal Regulation 2018/0217(COD)	MÜLLER Ulrike (ALDE)	The committee decided not to give an opinion.
3. Amending Regulation 2018/0218(COD)	ANDRIEU Eric (S&D)	

On July 10th, the AGRI Committee had a first exchange of views on the EC legislative proposal and is expected to start working actively on its position in September 2018.

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 just one year.

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.

EU BUDGET FOR THE FUTURE: THE CAP BEHOND 2020

The CAP post 2020 will have a **budget of €365 billion**. This represents a <u>12% cut in constant 2018 prices</u> without inflation (<u>European Commission</u>) significantly higher than 5% cut originally claimed by the EC, calculated in current prices. While **independent analysis estimate an even higher cut up to 15**% (see <u>Farm Europe</u>, <u>Bruegel</u> and the <u>Committee on Budgets</u> of the European Parliament).

Out of the total budget for the CAP, €265.2 billion is for direct payments, €20 billion for market support measures (EAGF) and €78.8 billion is for rural development (EAFRD). An additional €10 billion will be available for R&I in agriculture under Horizon Europe. While Hogan assured that direct payments will not fall by more than 4% in any MS, regarding the rural development, the EC proposed a 10% cut, and then it will be up to the MS to cover this gap increasing co-financing rates. Also in this case, independent analysts estimate a higher cut for RD up to 25%. This cut would be extremely negative for rural areas.

Finally, a certain level of **flexibility for transfers between allocations** will be offered to the MS. **Up to 15% of respective direct payments can be transferred to EAFRD allocation and vice versa**. But the difference of cofinancing rates between Pilar I and II make the transfer from Pilar I to Pillar II less likely than the opposite, thus this is an additional threat for the budget of rural development.



COMMON AGRICULTURAL POLICY PLANS

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council

Click here to consult the text in EN ES FR IT

A NEW DELIVERY MODEL AND GREATER SUBSIDIARITY

The first and most important change proposed by DG AGRI is the introduction of a **new delivery model** with greater **subsidiarity** and **responsibility** for the Member States.

General objectives of the CAP (Art. 5)

Specific objectives of the CAP (Art. 6)

- (a) to foster a **smart and resilient agricultural sector** ensuring **food security**;
- (b) to bolster **environmental care and climate action** which contributes to the environmental and climate objectives of the EU;
- (c) to **strengthening the socio-economic fabric** of rural areas.

Cross-cutting objective: fostering knowledge, innovation and digitalisation in agriculture and rural areas

- (a) Support viable farm income and resilience across the Union to enhance food security;
- (b) Enhance **market orientation** and increase **competitiveness**, including greater focus on research, technology and digitalisation;
- (c) Improve the farmers' position in the value chain;
- (d) Contribute to **climate change mitigation and adaptation**, as well as sustainable energy;
- (e) Foster **sustainable development** and efficient management of natural resources such as water, soil and air;
- (f) Contribute to the protection of biodiversity, enhance ecosystem services and preserve **habitats** and landscapes;
- (g) Attract **young farmers** and facilitate their business development in rural areas;
- (h) Promote **employment**, **growth**, **social inclusion and local development** in rural areas, including bioeconomy and sustainable forestry;
- (i) Improve the response of EU agriculture to **societal demands** on food and health, including safe, nutritious and sustainable food, food waste, as well as animal welfare.

At EU level: The CAP sets common objectives, types of interventions and basic requirements and defines the procedure for the set-up, approval and modification of CAP strategic plans, to be adopted by Member States.

Member States should establish a "CAP strategic plan" for their entire territory, which would cover interventions in **both pillar 1 and 2** (direct payments, rural development and sectoral interventions). Thus, MS should have the flexibility to tailor CAP interventions to maximise their contribution to EU objectives, taking



better into account **local conditions and needs**. The CAP plans shall implement a strategy designed to meet the specific objectives of the CAP strategic plans through a **set of interventions**.

As a general rule, **only one plan for the entire territory of a MS** should be submitted. Nevertheless, a MS may decide that some or all of the interventions of the CAP strategic plan should be established at regional level, provided that the coherence and the consistency with the elements of national CAP strategic plan is assured.

This new structure introduces greater flexibility and subsidiarity that could have a positive impact on the possibility to better address local specific constraints and objectives. Nevertheless, this entails at the same time a risk of CAP renationalisation that should be avoided to guarantee equal conditions to EU farmers and rural areas.

Furthermore, concerning the result based approach, it remains unclear which results indicators will be used as well as where and what sanctions will be put in place for MS which do not meet these objectives.

Finally, the obligation to adopt only one CAP strategic plan for the entire territory of a MS **risk hindering the regionalisation of the CAP**, leading to a recentralisation of the implementation of rural development. This would go against the general objective to better address local specific constraints and objectives.

CONDITIONALITY TITLE II - CHAPTER 1

The EC proposes a reinforced conditionality. First of all, the beneficiaries should comply with the statutory management requirements (SMRs) under Union law: basic requirement and standards concerning climate and environment; public health, animal and plant health, and animal welfare (Article 11).

In addition, Member States should define, at national or regional level, minimum standards for beneficiaries for good agricultural and environmental conditions of land (GAECs), taking into account the specific characteristics of the areas concerned, including soil and climatic conditions, existing farming systems, land use, crop rotation, farming practices, and farm structures. Finally, MS may also prescribe additional standards (Article 12).

The regulation establishes that 40% of the overall CAP budget is expected to contribute to climate action, but it's not clear what this concretely means since it has not been detailed in the proposal. Furthermore, greening measures have been eliminated, with the reinforced conditionality and so-called "eco-schemes" replacing them. These "eco-schemes" are mandatory for Member States but voluntary for farmers, though it remains unclear what these schemes might actually look likes since the content should be detailed by MS. While greening was weak and poorly implemented, replacing it with a voluntary initiative may be a step backwards in term of CAP environmental impact.

DIRECT PAYMENTS TITLE III - CHAPTER 2

Direct payments could be decoupled or coupled.

COUPLED DIRECT PAYMENTS

CHAPTER 2 – SECTION 3

Coupled payments (Section 3 – Art. 29-33) are annual payment per hectare or animal reserved for particular sectors undergoing difficulties in order to improve their competitiveness, sustainability or quality. The Commission is proposing to maintain the existing list of potentially eligible sector. In addition, the Commission is proposing to extend this list to include non-food crops used for the production of products that have the potential to substitute fossil fuels.

Eligible Member States can allocate a maximum of **10% of their direct payments** to coupled income support. An **additional 2% can be set aside to support protein crops**.



DECOUPLED DIRECT PAYMENTS

CHAPTER 2 - SECTION 2

The most relevant change concerns the **capping:** to ensure a fairer distribution of payments the Commission is proposing a **reduction of payments** as of **€60.000** and **compulsory capping for payments above €100.000 per farm**. Nevertheless, to avoid a negative impact on rural employment, the cost related to employment (salaries, taxes and social contributions) should be subtracted from the total amount of direct payments to be granted to a farmer. This reduces significantly the potential impact of the capping.

MS may use all or part of the product of the reduction to finance types of interventions under rural development by means of a transfer (Article 15).

In order to improve the performance of the CAP, the Commission proposes to target income support to genuine farmers. The regulation set a framework definition concerning the essential elements. On this basis, MS should define in their CAP Strategic Plans which farmers are not considered genuine farmers based on conditions such as income tests, labour inputs on the farm, company object and inclusion in registers.

The **decoupled direct payments** include the following types of interventions:

- Basic Income Support for Sustainability (Articles 17-25): compulsory aid to be paid to "genuine farmers" as a uniform amount per hectare. MS may decide to differentiate the amount of support per hectare amongst different groups of territories faced with similar socio-economic or agronomic conditions. In alternative, MS may decide to grant the basic income support based on payment entitlements.
- Complementary Redistributive Income Support for Sustainability (Article 26): compulsory aid to be
 paid as an annual decoupled payment per eligible hectares. Member States should establish the
 maximum number of hectares per farmer, as well as the amount per hectare or different amounts for
 different ranges of hectares, within the limit of the national average payment per hectare.
- 3. Complementary Income Support for Young Farmers (Article 27): MS may provide a complementary income support for young farmers who are newly set-up for the first time.
- 4. Schemes for the climate and the environment or "Eco-schemes" (Article 28): mandatory for MS, while voluntary for farmers. MS should define a list of agricultural practices beneficial for the climate and environment that go beyond relevant mandatory standards as well as agroenvironmental measures and are recognised in the national CAP strategic plan. The support should be paid as an annual payment per eligible hectare and could be offered either as "top-ups" to farmers' direct payments or as stand-alone schemes whose payment values are based on the extra costs and income losses involved for farmers.

SECTORAL INTERVENTIONS

TITLE III - CHAPTER 3

Another relevant change introduced in the legislative proposal is the inclusion of sectoral interventions (currently covered by the CMO Regulation) in CAP strategic plans. The draft includes the following mandatory and optional sectoral interventions (Art. 39-40):

- a) Fruits and vegetables sector: mandatory;
- b) Apiculture products sector: mandatory;
- c) Wine sector: mandatory;
- d) Hops sector: optional;
- e) Olive oil and table olives sector: optional;



f) Other sectors as defined in Article 1(2) of Reg. (EU) 1308/2013, except processed fruit and vegetables, tobacco, ethyl alcohol and other products as listed in Art. 1(2)x, Reg.1308/13: optional (see list below).

Other sectors referred to in points (a) to (h), (k), (m), (o) to (t) and (w) of Article 1(2) of Regulation (EU) No 1308/2013:

(a) cereals; (g) olive oil and table olives; (p) milk and milk products; (b) rice; (h) flax and hemp; (q) pigmeat; (c) sugar; (k) bananas; (r) sheepmeat and goatmeat;

(d) dried fodder; (m) live trees and other plants, bulbs, roots (s) eggs;

(e) seeds; and the like, cut flowers and ornamental (t) poultrymeat;

foliage;

(f) hops; (o) beef and veal; (w) silkworms.

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.

Types of interventions include among other environmental and climate action, market management, information and promotion actions and setting-up and promotion of UE quality schemes (for a. fruits and vegetables sector, b. wine sector and f. other sectors).

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.

RURAL DEVELOPMENT TITLE 3 - CHAPTER 4

The legislative proposal does not propose a list of measures that could be implemented by MS. On the contrary, it only defines "types of interventions" while national CAP strategic plans should define the measures and eligibility conditions for each intervention, provided that they respect the EU regulatory framework. In particular, the draft proposal introduces 8 types of interventions that seem to cover all the current measures of rural development:

- 1. Support for environmental, climate and other management commitments (Article 65) should cover additional costs and income foregone resulting from commitments that are considered to be beneficial to achieving the specific objectives of the CAP, going beyond the relevant mandatory standards: i.e. agri-environmental-climate commitments, conversion or maintenance of organic farming, forest services and conservation and animal welfare. The inclusion of agri-environmental-climate commitments in the CAP plan should be compulsory for MS.
- 2. Payments for nature or other area-specific constraints (Article 66) can be granted to compensate the additional costs and income foregone related to these constraints. The conditions of the current legislation will continue to apply.



- Area-specific disadvantages resulting from certain mandatory requirements (Article 67): measure
 aiming at compensating beneficiaries for disadvantages related to the implementation of Natura 2000
 and Water Framework Directives.
- 4. Investments (Article 68): this type of intervention includes support for tangible and/or intangible investments which contribute to achieve specific CAP objectives. MS shall establish in their CAP strategic plan a list of ineligible investments, including at least those established at by the regulation proposal. The maximum rate of the eligibility costs is set at 75% but it can be increased for specific types of investments (environmental and climate, basic services in rural areas and restauration of agricultural or forestry potential following natural disasters or catastrophic events).
- 5. Installation of young farmers and rural business start-up (Article 69): this type of intervention may grant support to help the installation of young farmer, the start-up of rural business linked to agriculture and forestry or farm household income diversification, and start-up of non-agricultural activities in rural. MS should grant support in the form of lump sums and should limit to the maximum amount of 100.000€, which at least presents some simplification for beneficiaries.
- 6. Risk management tools (Article 70): this type of intervention is mandatory for MS that will have enough flexibility to grant support under this type of intervention in order to promote risk management tools, which help farmers manage production and market risks related to their agricultural activity and outside the farmer's control.
- 7. Cooperation (Article 71): under this type of intervention MS could cover costs related to all aspects of the cooperation which involves at least two entities. In particular, among other forms of cooperation, the proposal lists the following: operational groups projects (EIP AGRI), LEADER, promotion of quality schemes, producer organisations or producer groups. The support should be limited to a maximum of 7 years.
- 8. Knowledge exchange and information (Article 72): under this type of intervention MS may grant support to promote access to training and advice and exchange and dissemination of knowledge and information. The maximum rate of support is set at 75% or 200.000€ in form of fixed amount.

PLACE OF QUALITY SCHEMES IN THE PROPOSAL

In line with the Commission Communication on the Future of Food and Farming, the introduction to the Regulation highlights that the CAP should continue to promote production with specific and valuable characteristics, like quality schemes (*whereas* n. 17).

In Rural Development quality schemes are included in "cooperation" type of measure: As highlighted in the previous paragraph, 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.

Overall the proposal is improved with respect to the leaked proposal, since GIs have at least found a place in the types of interventions for rural development. Nevertheless, 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, with the EC, 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.

An opportunity for quality schemes in sectoral interventions: the inclusion of other sectors in the list of sectoral intervention is important and is especially relevant for quality schemes since they are introduced among the objectives and types of interventions admissible for these sectors (see table below).

Objectives

(f) boosting products' commercial value and quality, including improving product quality and developing products with a protected designation of origin, with a protected geographical indication or covered by a national quality schemes, falling under specific objective referred to in Article 8(1)(b)

Types of interventions

- (o) Promotion, communication and marketing including actions and activities aimed in particular at raising consumer awareness about Union quality schemes and at diversification of markets;
- (p) Implementation of Union and national quality schemes.

Nevertheless, it should be noted that there are several weaknesses to this approach from the point of view of quality schemes, in particular:

- producer groups as recognised by the Regulation 1151/12 are not included as beneficiaries of operational programmes;
- some GIs products, especially processed fruit and vegetables, would be completely excluded from sectoral intervention.



SIMPLIFICATION OF GIS SYSTEM

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 1308/2013 establishing a common organisation of markets in agricultural products, Regulation (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, Regulation (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products, (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union and (EU) No 229/2013 laying down specific measures for agriculture in favour of the smaller Aegean islands

Click here to consult the text in EN ES FR EL IT

In line with the objective stated in Communication "to make GIs more attractive to farmers and consumers and easier to manage", the EC is working on a simplification of GIs rules concerning:

- 1. Gls wine (Reg. 1308/13);
- 2. quality schemes for agricultural products and foodstuffs (Reg. 1151/12); and
- 3. aromatised wines products (Reg. 251/2014).

It is therefore proposed to amend current rules on GIs, spread over four basic Acts, aiming at a **simpler GI system, faster registration of geographical indications and more efficient approval of amendments to product specifications**. These changes aim to a simplified GI system that would be more understandable to consumers, easier to promote and would reduce administrative costs of managing the system.

<u>Some proposals relate to all GI products</u> (except spirits, as the basic act is currently under revision). The Commission proposes to simplify and harmonise the management of the GI policy in the EU to ensure reasonable level of coherence between the schemes and bring the above benefits to producers of all GIs sectors (wine, aromatised wines and agricultural products and foodstuffs).

In particular, the changes proposed by the Commission in the legislative proposal would:

PROPOSED CHANGES FOR ALL GI PRODUCTS	ART. REGULATION PROPOSAL
Modify the PDO definition: the human factor would not have to be proven systematically	Wine: Art. 1(9)
to secure a PDO protection, but only "where relevant".	[Reg. 1308/13, Art.93]
	Food: Art. 2(2)
	[Reg. 1151/12, Art.5]

Analysis: In our view, this should not raise too much concern as the human factor can still be added. This provision only aims at making the European Commission's analysis easier.

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]

Analysis: this is a positive proposal that extend the scope of GIs protection.

Force Member States to inform the Commission if "any procedure is initiated before a national court or other national body concerning an application lodged with the Commission". Moreover, the EC could suspend the scrutiny of the application for registration, adopting an implementing act, "until a national court or other national body

Wine: Art. 1(11) [*Reg. 1308/13, Art. 96*]

Food: Art. 2(10)



has adjudicated on a challenge to an application for registration where the Member State [Reg. 1151/12, Art.49] has taken a favourable decision in a national procedure".

Analysis: this provision could have a side effect for the well-functioning of the GI system as some might be tempted to block any GI registration by launching challenges before courts at the national level. Nevertheless, the EC assures that every single case will be evaluated separately and that the power to suspend the registration will be used only when a national procedure highlight objective problems.

Limit the Commission's role in the examination of the application for GI registration:

the EC "shall review the applications for manifest errors, taking into account the outcome of the scrutiny and opposition procedure carried out by the Member State concerned";

[Reg. 1151/12, Art.50]

[Reg. 1308/13, Art.97]

Wine: Art. 1(12)

Food: Art. 2(11)

Furthermore, Commission scrutiny should focus on Intellectual Property Rights (IPR). Nevertheless, the protection conferred "shall be without prejudice to compliance of products concerned with other Union rules relating in particular to the placing of products on the market, marketing and to food labelling".

Wine: Art. 1(12.3)(13) [Reg.1308/13, Art.97.3

and Art.99.31

Food: Art. 2(1.3)

[Reg. 1151/12, Art.2.3]

Analysis: the first point introduces a positive simplification in the registration process. Since the procedure transmitted to the Commission has already been analysed by the Member State concerned, it is ok for the Commission to focus only on the presence of manifest errors.

On the other hand, the second point aims to focusing EC scrutiny on IPR. 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 should be further analysed.

Concerning the Regulation 1151/12 on quality schemes for agricultural products and foodstuffs, in the proposal for the Amending Regulation the EC introduces the following changes:

Proposed changes Concerning the Regulation 1151/12 on quality schemes for AGRICULTURAL PRODUCTS AND FOODSTUFFS

ART. REGULATION PROPOSAL

Cancel the requirement that the product specifications contain "evidence that the product Art. 2(3) originates in the defined geographical area".

[Reg. 1151/12, Art.7.1]

Analysis: The Commission proposes this change to harmonise the different regulations of GIs, since this provision exists only in Regulation 1151/2012 and does not apply for wine and spirits. Nevertheless, it is important to analyse further the possible impact of this proposal.

Enlarge the scope of Reg. 1151/12 in order to include aromatised wines (currently Art. 2(1) covered by EU Regulation 251/2014), while assuring a smooth transition for the names protected under Reg. 251/2014. The EC consider that the aromatised wines GI scheme, with only 5 GIs, cannot be operational and should be merged into another scheme. It considers the agricultural products and foodstuffs scheme as appropriate since it already covers other alcoholic beverages.

[Reg. 1151/12, Art.2]



Analysis: This proposal is positive since it aims to simplify the structure of GIs regulation, avoiding having a specific separate scheme for on 5 registered aromatised wines.

Simplification of opposition procedure. The proposals are mainly procedural changes concerning the timing for opposition and should have a limited impact on the overall process, as the Commission would have 5 months after publication to invite the opponents and the applicants to engage in appropriate consultations.

Art. 2(11)

[Reg. 1151/12, Art.50]

Analysis: This does not imply any change of delays in practice.

The most relevant modification proposed is the simplification of the procedure for approval of amendments. **The legislative proposal introduces a distinction between** Union and standard amendments:

Art. 2(14)

[Reg. 1151/12, Art.53]

Union amendment is an amendment that:

- (a) includes a change in the name;
- **(b) risks voiding the links** between the quality or characteristics of the GI products and its particular geographical environment with its inherent natural and human factors;
- (c) introduces changes to the production method or to the use of raw materials and ingredients that deviate from the traditional practice and uses for traditional specialities guaranteed; or
- (d) entails new restrictions on the marketing of the product.

Any other amendments to product specifications are standard amendments, including temporary amendment resulting from the imposition of obligatory sanitary and phytosanitary measures by the public authorities or necessary because of natural disaster or adverse weather conditions formally recognised by the competent authorities.

In line with the subsidiarity principle, Member States shall be responsible for approval of standard amendments, while the EC should retain the power to approve Union amendments to product specifications.

Amendments shall be scrutinised taking into account other elements of the product specifications. Where appropriate, the Commission or the Member State concerned may invite the applicant to modify other elements of the product specifications.

Analysis: This is a signification 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.

It should be clarified that the point c) concerning changes to the product method or the use of raw material and ingredients refers only to TSG and not to PDO/PGI.

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.

Finally, the draft proposal introduces the transitional period for the use of designations Art. 2(9) that contain names of TSG, in line with existing rules for PDO and PGI.

[Reg. 1151/12, Art. 24a]

Analysis: This proposal is positive.



ANNEX I

RELEVANT INTRODUCTORY POINTS

- (14) Registration of geographical indications should be made simpler and faster by separating the assessment of compliance with intellectual property rules from the assessment of compliance of the product specifications with the requirements laid down in the marketing standards and labelling rules.
- (15) The assessment carried out by the competent authorities of Member States is an essential step in the procedure. Member States have knowledge, expertise and access to data and facts that make them the best placed to verify whether the information provided in the application is correct and truthful. Therefore, Member States should guarantee that the result of that assessment, which is to be faithfully recorded in a single document summarising the relevant elements of the product specification, is reliable and accurate. Having regard to the principle of subsidiarity, the Commission should subsequently scrutinise applications to ensure that there are no manifest errors and that Union law and the interests of stakeholders outside the Member State of application are taken into account.
- The period during which an objection can be made should be extended to three months to ensure that all interested parties have sufficient time to analyse the application for protection and the possibility to submit a statement of objection. To ensure that the same procedure for objections is applied under Regulation (EU) No 1308/2013 and under Regulation (EU) No 1151/2012 of the European Parliament and of the Council and thus enable Member States to forward objections stemming from natural or legal persons residing or established in their territory to the Commission in a coordinated and efficient manner, objections from natural or legal persons should be submitted via the authorities of the Member State in which they reside or are established. To simplify the objection procedure, the Commission should be empowered to reject inadmissible statements of objection in the implementing act conferring protection. Therefore, Article 111 of Regulation (EU) No 1308/2013 conferring implementing powers on the Commission to reject inadmissible objections under a separate implementing act should be deleted.
- In view of the limited number of registrations of geographical indications of aromatised wines under Regulation (EU) No 251/2014 of the European Parliament and of the Council the legal framework for the protection of geographical indications for those products should be simplified. Aromatised wines and other alcoholic beverages with the exception of spirit drinks and of grapevine products listed in Part II of Annex VII to Regulation (EU) No 1308/2013 should have the same legal regime and procedures as other agricultural products and foodstuffs. The scope of Regulation (EU) No 1151/2012 should be extended to cover those products. Regulation (EU) No 251/2014 of the European Parliament and of the Council should be amended to take account of this change as regards its title, scope, definitions and provisions concerning labelling of aromatised wine products. A smooth transition for the names protected under Regulation (EU) No 251/2014 should be ensured.



- (32) Procedures related to the registration of protected designations of origin, protected geographical indications and traditional specialities guaranteed laid down in Regulation (EU) No 1151/2012 should be streamlined and simplified to ensure that new names can be registered within shorter time periods. The opposition procedure should be simplified.
- (33) Provision should be made for specific derogations that permit the use of other names alongside the registered name of a traditional speciality guaranteed. The Commission should fix transitional periods for the use of designations that contain names of traditional specialities guaranteed, in line with the conditions for such transitional periods already in existence for protected designations of origin and protected geographical indications.
- (34) The procedure for approval of amendments to product specifications laid down in Regulation (EU) No 1151/2012 should be simplified by introducing a distinction between Union and standard amendments. In accordance with the subsidiarity principle, Member States should be responsible for approving standard amendments and the Commission should retain responsibility for approving Union amendments to product specifications.
- (37) Transitional arrangements should be put in place for applications for protection and for the registration of protected designations of origin, geographical indications and traditional specialities guaranteed that have been submitted before the date of entry into force of this Regulation and for the expenditure incurred before 1 January 2021 under the aid schemes for olive oil and table olives, fruit and vegetables, wine, apiculture and hops established in Articles 29 to 60 of Regulation (EU) No 1308/2013.



AMENDMENTS TO REGULATION (EU) NO. 1151/2012

Article 2 - Scope	
Current regulation	EC amendment proposal
1. This Regulation covers agricultural products intended for human consumption listed in Annex I to the Treaty and other agricultural products and foodstuffs listed in Annex I to this Regulation.	
In order to take into account international commitments or new production methods or material, the Commission shall be empowered to adopt delegated acts, in accordance with Article 56, supplementing the list of products set out in Annex I to this Regulation. Such products shall be closely linked to agricultural products or to the rural economy.	(1) In Article 2, paragraphs 2 and 3 are replaced by the following:
2. This Regulation shall not apply to spirit drinks, aromatised wines or grapevine products as defined in Annex XIb to Regulation (EC) No 1234/2007, with the exception of wine-vinegars.	'2. This Regulation shall not apply to spirit drinks, aromatised wines or grapevine products as defined in Part II of Annex VII to Regulation (EU) No 1308/2013, with the exception of wine-vinegars.
3. This Regulation shall apply without prejudice to other specific Union provisions relating to the placing of products on the market and, in particular, to the single common organisation of the markets, and to food labelling.	3. This Regulation, and in particular the registrations made pursuant to Article 52, shall be without prejudice to compliance of products concerned with other Union rules relating in particular to the placing of products on the market, marketing and
4. Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations and of rules on Information Society services (21) shall not apply to the quality schemes established by this Regulation.	to food labelling;'
Article 5 - Requirements for designations of origin and geographical indications	
Current regulation	EC amendment proposal
1. For the purpose of this Regulation, 'designation of origin' is a name which identifies a product:	



(a) originating in a specific place, region or, in exceptional cases, a country;	(2) In paragraph 1 of Article 5, point (b) is replaced by the following:
(b) whose quality or characteristics are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors; and (c) the production steps of which all take place in the defined geographical area.	'(b) whose quality or characteristics are essentially or exclusively due to a particular geographical environment, with its inherent natural factors and where relevant human factors;'
Article 7 - Product specification	
Current regulation	EC amendment proposal
Paragraph 1, point (d)	(3) In paragraph 1 of Article 7, point (d) is deleted.
evidence that the product originates in the defined geographical area referred to in Article 5(1) or (2);	
Article 10 - Grounds for opposition	
Current regulation	EC amendment proposal
Paragraph 1 of Article 10	(4) In paragraph 1 of Article 10, the first sentence is replaced by the following:
'1. A reasoned statement of opposition as referred to in Article 51(2) shall be admissible only if it is received by the Commission within the time limit set out in that paragraph and if it:'	'1. A reasoned statement of opposition as referred to in Article 51(1) shall be admissible only if it is received by the Commission within the time limit set out in that paragraph and if it:'
Article 13 – Protection	
Current regulation	EC amendment proposal
	(5) In Article 13, the following paragraph 4 is added:
	'4. The protection referred to in paragraph 1 shall also apply with regard to goods entering the customs territory of the Union without being released for free circulation within the customs territory of the Union and with regard to goods sold through means of electronic commerce.'



Article 15 - Transitional periods for use of protected designations of origin and prote	cted geographical indications
Current regulation	EC amendment proposal
Paragraph 1, last subparagraph:	(6) In paragraph 1, the last subparagraph is replaced by the following:
'Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2).'	'Those implementing acts shall be adopted without applying the examination procedure referred to in Article 57(2).'
Paragraph 2, first sentence:	In paragraph 2, the first sentence is replaced by the following:
'Without prejudice to Article 14, the Commission may adopt implementing acts extending the transitional period mentioned in paragraph 1 of this Article to 15 years in duly justified cases where it is shown that:'	'2. Without prejudice to Article 14, the Commission may adopt implementing acts extending the transitional period mentioned in paragraph 1 of this Article in justified cases where it is shown that:'
New Article 16 (a) - Existing geographical indications for aromatised wine products	
Current regulation	EC amendment proposal
	(7) the following Article 16a is inserted: 'Article 16a Existing geographical indications for aromatised wine products Names entered in the register established pursuant to Article 21 of Regulation (EU) No 251/2014 of the European Parliament and of the Council shall automatically be entered in the register referred to in Article 11 of this Regulation. The corresponding specifications shall be deemed to be the specifications for the purposes of Article 7 of this Regulation.'
Article 21 - Grounds for opposition	
Current regulation	EC amendment proposal
Paragraph 1 of Article 21:	(8) In paragraph 1 of Article 21, the introductory sentence is replaced by the



'1. A reasoned statement of opposition as referred to in Article 51(2) shall be	following:
admissible only if it is received by the Commission before expiry of the time limit and if it:'	'1. A reasoned statement of opposition as referred to in Article 51(1) shall be admissible only if it is received by the Commission before expiry of the time limit and if it:'
New article 24(a) - Transitional periods for use of traditional specialties guaranteed	
Current regulation	EC amendment proposal
	(9) The following Article 24a is inserted:
	'Article24a
	Transitional periods for use of traditional specialties guaranteed
	The Commission may adopt implementing acts granting a transitional period of up to five years to enable products the designation of which consists of or contains a name that contravenes Article 24(1) to continue to use the designation under which they were marketed on condition that an admissible statement of opposition under Article 49(3) or Article 51 shows that such name has been legally used on the Union market for at least five years preceding the date of the publication provided for in point (a) of Article 50(2).
	Those implementing acts shall be adopted without applying the examination procedure referred to in Article 57(2).'
Article 49 - Application for registration of names	
Current regulation	EC amendment proposal
	(10) In Article 49, the following paragraphs 8 and 9 are added:
	'8. The Member State shall inform the Commission without delay if any procedure is initiated before a national court or other national body concerning an application lodged with the Commission, as referred to in paragraph 4.



	EUROPEN PERINTE
	9. Where appropriate, the Commission may adopt implementing acts to suspend the scrutiny of the application for registration referred to in Article 50 until a national court or other national body has adjudicated on a challenge to an application for registration where the Member State has taken a favourable decision in a national procedure in accordance with paragraph 4.
	Those implementing acts shall be adopted without applying the examination procedure referred to in Article 57(2).'
Article 50 - Scrutiny by the Commission and publication for opposition	
Current regulation	EC amendment proposal
Article 50	(11) Article 50 is replaced by the following:
Scrutiny by the Commission and publication for opposition	'Article 50
1. The Commission shall scrutinise by appropriate means any application that it	Scrutiny by the Commission and publication for opposition
receives pursuant to Article 49 , in order to check that it is justified and that it meets the conditions of the respective scheme. This scrutiny should not exceed a period of six months. Where this period is exceeded, the Commission shall indicate in writing to the applicant the reasons for the delay.	1. The Commission shall examine applications for registration that it receives in accordance with Article 49(4) and (5). The Commission shall review the applications for manifest errors, taking into account the outcome of the scrutiny and opposition

The Commission shall, at least each month, make public the list of names for which registration applications have been submitted to it, as well as their date of submission.

- 2. Where, based on the scrutiny carried out pursuant to the first subparagraph of paragraph 1, the Commission considers that the conditions laid down in this Regulation are fulfilled, it shall publish in the Official Journal of the European Union:
- (a) for applications under the scheme set out in Title II, the single document and the reference to the publication of the product specification;
- (b) for applications under the scheme set out in Title III, the specification.

procedure carried out by the Member State concerned.

Scrutiny by the Commission should not exceed a period of six months from the date of receipt of the application from the Member State. Where this period is exceeded, the Commission shall inform the applicant in writing of the reasons for the delay.

The Commission shall, at least each month, publish the list of names for which applications for registration have been submitted to it, as well as the date of their submission.

2. Where, based on the scrutiny carried out pursuant to paragraph 1, the Commission considers that the conditions laid down in Articles 5 and 6 are fulfilled as regards registration applications under the scheme set out in Title II, or that the conditions laid down in Article 18(1) and (2) are fulfilled as regards applications under the scheme set out in Title III, it shall publish in the Official Journal of the



	European Union:
	(a) for applications under the scheme set out in Title II, the single document and the reference to the publication of the product specification;
	(b) for applications under the scheme set out in Title III, the specification.'
Article 51 - Opposition procedure	
Current regulation	EC amendment proposal
1. Within three months from the date of publication in the Official Journal of the	(12) Article 51 is amended as follow:
European Union, the authorities of a Member State or of a third country, or a natural or legal person having a legitimate interest and established in a third country	Paragraph 1 is replaced by the following:
may lodge a notice of opposition with the Commission.	'1. Within three months from the date of publication in the Official Journal of the
Any natural or legal person having a legitimate interest, established or resident in a Member State other than that from which the application was submitted, may lodge a notice of opposition with the Member State in which it is established within a time	European Union, the authorities of a Member State or of a third country, or a natural or a legal person having a legitimate interest and established in a third country may lodge a reasoned statement of opposition with the Commission.
limit permitting an opposition to be lodged pursuant to the first subparagraph.	A natural or a legal person having a legitimate interest, established or resident in a
A notice of opposition shall contain a declaration that the application might infringe the conditions laid down in this Regulation. A notice of opposition that does not contain this declaration is void.	Member State other than that from which the application was submitted, may lodge a reasoned statement of opposition with the Member State in which it is resident or established within a time limit permitting an opposition to be lodged pursuant to the first subparagraph.'
The Commission shall forward the notice of opposition to the authority or body that lodged the application without delay.	Paragraph 2 is replaced by the following:
2. If a notice of opposition is lodged with the Commission and is followed within two months by a reasoned statement of opposition, the Commission shall check the admissibility of this reasoned statement of opposition.	'2. The Commission shall examine the admissibility of the reasoned statement of opposition based in particular on grounds for opposition laid down in Article 10 as regards protected designations of origin and protected geographical indications and based in particular on the grounds for opposition laid down in Article 21 as
3. Within two months after the receipt of an admissible reasoned statement of	regards traditional specialties guaranteed.'
opposition, the Commission shall invite the authority or person that lodged the opposition and the authority or body that lodged the application to engage in	Paragraph 3 is replaced by the following:
appropriate consultations for a reasonable period that shall not exceed three months.	'3. If the Commission considers that the reasoned statement of opposition is admissible it shall, within five months from the date of publication of the application in the Official Journal of the European Union, invite the authority or person that



The authority or person that lodged the opposition and the authority or body that lodged the application shall start such appropriate consultations without undue delay. They shall provide each other with the relevant information to assess whether the application for registration complies with the conditions of this Regulation. If no agreement is reached, this information shall also be provided to the Commission.

At any time during these three months, the Commission may, at the request of the applicant extend the deadline for the consultations by a maximum of three months.

- 4. Where, following the appropriate consultations referred to in paragraph 3 of this Article, the details published in accordance with Article 50(2) have been substantially amended, the Commission shall repeat the scrutiny referred to in Article 50.
- 5. The notice of opposition, the reasoned statement of opposition and the related documents which are sent to the Commission in accordance with paragraphs 1 to 4 of this Article shall be in one of the official languages of the Union.
- 6. In order to establish clear procedures and deadlines for opposition, the Commission shall be empowered to adopt delegated acts, in accordance with Article 56, complementing the rules of the opposition procedure.

The Commission may adopt implementing acts laying down detailed rules on procedures, form and presentation of the oppositions. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2).

lodged the reasoned statement of opposition and the authority or body that lodged the application with the Commission to engage in appropriate consultations for a reasonable period that shall not exceed three months.

The authority or person that lodged the reasoned statement of opposition and the authority or body that lodged the application shall start such appropriate consultations without undue delay. They shall provide each other with the relevant information to assess whether the application for registration complies with the conditions of this Regulation. If no agreement is reached, this information shall be provided to the Commission.

At any time within the period of consultations, the Commission may, at the request of the applicant extend the deadline for the consultations by a maximum of three months.'

Paragraph 5 is replaced by the following:

'5. The reasoned statement of opposition and other documents which are sent to the Commission in accordance with paragraphs 1, 2 and 3 shall be in one of the official languages of the Union.'

Article 52 - Decision on registration

Current regulation	EC amendment proposal
Paragraph 2:	(13) In Article 52, paragraph 2 is replaced by the following:
2. If the Commission receives no notice of opposition or no admissible reasoned statement of opposition under Article 51, it shall adopt implementing acts, without applying the procedure referred to in Article 57(2) , registering the name.	'2. If the Commission receives no admissible reasoned statement of opposition under Article 51, it shall adopt implementing acts, without applying the procedure referred to in Article 57(3) , registering the name.'



Article 53 - Amendment to a product specification

Current regulation

Paragraph 2:

2. Where the amendment involves one or more amendments to the specification that are not minor, the amendment application shall follow the procedure laid down in Articles 49 to 52.

However, if the proposed amendments are minor, the Commission shall approve or reject the application. In the event of the approval of amendments implying a modification of the elements referred to in Article 50(2), the Commission shall publish those elements in the Official Journal of the European Union.

For an amendment to be regarded as minor in the case of the quality scheme described in Title II, it shall not:

- (a) relate to the essential characteristics of the product;
- (b) alter the link referred to in point (f)(i) or (ii) of Article 7(1);
- (c) include a change to the name, or to any part of the name of the product;
- (d) affect the defined geographical area; or
- (e) represent an increase in restrictions on trade in the product or its raw materials.

For an amendment to be regarded as minor in the case of the quality scheme described in Title III, it shall not:

- (a) relate to the essential characteristics of the product;
- (b) introduce essential changes to the production method; or
- (c) include a change to the name, or to any part of the name of the product.

The scrutiny of the application shall focus on the proposed amendment.

EC amendment proposal

(14) In Article 53, paragraph 2 and 3 are replaced by the following:

'2. Amendments to a product specification are classified into two categories as regards their importance: Union amendments, requiring an opposition procedure at the Union level and standard amendments to be dealt with at Member State or third country level.

An amendment is considered to be a Union amendment where:

- (a) it includes a **change in the name** of the protected designation of origin, protected geographical indication or traditional speciality guaranteed;
- (b) it **risks to void the links** referred to in point (b) of Article 5(1) for protected designations of origin and in and of Article 5(2) for protected geographical indications;
- (c) it introduces changes to the production method or to the use of raw materials and ingredients that deviate from the traditional practice and uses for traditional specialities guaranteed;
- (d) it entails **new restrictions on the marketing of the product**.

All other amendments to product specifications are considered standard amendments. A temporary amendment that concerns a temporary change in the product specification resulting from the imposition of obligatory sanitary and phytosanitary measures by the public authorities or a temporary amendment necessary because of natural disaster or adverse weather conditions formally recognised by the competent authorities are also considered to be standard amendments.

Union amendments shall be approved by the Commission. The approval procedure shall follow, mutatis mutandis, the procedure laid down in Article 49 to 52.

Standard amendments shall be approved by the Member State in whose territory



Point 1 of Annex I Current regulation	involve any change to the single document, the Commission shall be empowered to adopt delegated acts, in accordance with Article 56, complementing the rules of the amendment application process. The Commission may adopt implementing acts laying down detailed rules on procedures, form and presentation of an amendment application and notification of standard amendments to the Commission. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2). ' EC amendment proposal
	(15) In Point I of Annex I, the following indents are added: '- aromatised wines as defined in Article 3(2) of Regulation (EU) No 251/2014; - other alcoholic beverages, except for spirit drinks and grapevine products as