



REPORT ON THE MEETING OF THE COLLEGE OF PRODUCERS OF AREPO

27 April 2022

The meeting of the Board of Producers was held in a hybrid form, partially in presence, at the Common House of Emilia-Romagna, Hessen and Nouvelle Aquitaine, and via Zoom, to facilitate the participation of producers who couldn't come to Brussels.

The meeting was attended, among others, by the President of AREPO, **Ms Begoña García Bernal**, Regional Minister for Agriculture, Rural Development, Population and Territory of Extremadura; the Vice-President of AREPO, **Mr Nicola Bertinelli**, President of the Consorzio del formaggio Parmigiano Reggiano; the Treasurer of AREPO, **Ms Patricia Picard**, Regional Councillor for the Auvergne-Rhône-Alpes region; **Mr Paolo De Castro** Member of the European Parliament and Rapporteur of the legislative proposal on the revision of the GI system; several representatives of producers; some member regions attending as observers; the Secretary General of AREPO **Mr Laurent Gomez** and the rest of the AREPO team..

Interpretation was provided in **EL-EN-ES-FR-IT**.

Welcome and introduction by AREPO Vice-President, Mr Nicola Bertinelli, President of Consorzio del formaggio Parmigiano Reggiano

The Vice-President of AREPO introduced the meeting of the Board of Producers.

The last Board of Producers meeting was held in presence in Reggio-Emilia in September 2018. Unfortunately, the pandemic situation meant that the following were held online, reducing interactions between the members of the AREPO Board of Producers.

The Vice-President emphasised that the **current period is crucial for the GI system** and its role in EU policies. The world of GI producers is in a complex situation, dictated by **rising energy prices, the delicate geopolitical situation and the proposal to review the GI scheme presented last month**. The crises of the last two years are putting a strain on the European food system, and **the GI reform can be an opportunity to relaunch European agri-food policies**.

Welcome speech by AREPO President, Ms Begoña García Bernal, Regional Minister for Agriculture, Rural Development, Population and Territory of Extremadura

The President welcomed the participants thanking the AREPO Vice-President, the AREPO staff and all the producers participating. Ms García Bernal emphasised how important it is to meet in person to allow producers to exchange ideas and perspectives on the future of GIs.

The President focused on the consequences of the pandemic on production, **leading many companies to find themselves in difficulty or even close down**. The geopolitical situation also affected production, with producers facing higher costs and increasingly complex economic and production challenges.

INTRODUCTION AND PRESENTATION OF THE AGENDA

The discussion was introduced by the presentation of the **agenda of the day** and the setting of the **objectives of the meeting**.



The Vice-President recalled the creation of AREPO in 2004 and the formal establishment of the College of Producers in 2018. **The College has the task of putting the production sector side by side with regional governments**, allowing those who are everyday active members of the GI production chain to bring their voices and point of view in support of political decisions. Therefore, the meeting aimed to prepare the contribution of producers to the General Assembly held the following day.

The meeting dealt with the following topics:

- How the rising global energy prices are affecting GIs supply chains;
- The revision of the EU GIs system and the legislative proposal;
- Intervention of the rapporteur for the European Parliament on the revision of the EU GIs system, MEP Paolo De Castro (S&D);
- Strengthening of AREPO's College of Producers;
- Conclusions.

1. HOW THE RISING GLOBAL ENERGY PRICES ARE AFFECTING GI SUPPLY CHAINS

The pandemic and geopolitical situation have repercussions that directly affect the world of GI production.

Specifically, **producers face higher costs of production inputs**. Energy prices are rising, raw materials are in many cases more expensive, and consumer purchasing power is decreasing over time. Therefore, this unstable situation undermines production and exacerbates doubts and fears for the future.

Costs had already risen sharply in the years before the geopolitical crisis, especially in the area of feed supply. The Vice-President pointed out that this phenomenon is also linked to a stock policy that Asian countries with significant influence in the economic and production world (e.g., China) have been implementing for years and influence 25% of the world's feed production. This new stock policy of Asian countries aims to reduce the risk of famine and allow the agricultural production system to be self-sufficient.

As a consequence, the Board of producers discussed what can be done to stop the price increase and how to ensure the economic sustainability of the supply chain.

The discussion also emphasised the **reduction in the purchase and consumption of quality products compared to others**. It has been stressed that it is not the increase in prices that has been driving this change (also because the production level of some GI products is still increasing) but the change in the purchasing habits of consumers who are sourcing through emerging or new distribution channels. In addition, there have been no increases in selling prices so far, even if the distribution is affected (especially on meat and dairy products). However, it has been stressed that it would be inevitable to increase sales prices in the near future.

Furthermore, as far as GI exports and consumption are concerned, Mr Bertinelli pointed out that **85-90% of GI consumption is within the EU**. Therefore, action is needed to encourage trade outside the EU by strengthening GI production and promotion systems.

From the Italian point of view, however, it is clear that the distribution chains have great difficulty recognising the price increases that producers and processors face. **The Italian GDO has had negative economic results in the last period**. The GDO, therefore, is very afraid to increase prices.

For quality products, there is a very significant drop in sell-outs. Mechanisms are often based on product promotion schemes co-financed by producers and large-scale retail trade. However, the large-scale retail trade reports a drop in economic margins, which should be invested in promotion. This mechanism could further congest the marketing system for GI products.

Finally, it has been pointed out that in many cases, **the price increase is moderated by the companies**, which bear the costs, leading them to make considerable efforts to prevent price increases from being passed on to consumers.

2. REVISION OF EU GIS SYSTEM

Mr Bertinelli introduced the second topic of the day related to the revision of the GI system and the new legislative proposal. **Paolo De Castro**, Member of the European Parliament and Rapporteur of the legislative proposal, took part in the discussion.

The GI system has seen exponential growth in the last two decades and is fundamental to the redistribution of value in a given territory. Regulation 1151/2012 has created a virtuous system by making quality products a central pillar in European agri-food policies.

The debate was introduced provocatively by the following question: **Is the GI system's revision simple maintenance or an opportunity to relaunch the quality system?**

GI schemes are the basis for maintaining quality. They are rural and territorial development tools that strongly impact culture, tradition, landscape, environment, social networks, and the economic production sphere.

Producers want the GI system to maintain the value of production and the distinctiveness of GI products and strengthen the protection, supervision and regulation of supply. However, it must be **remarked the lack of consumer knowledge on GI product and in recognising the difference between GI and trademark**. The regulation should address the consumer's point of view as well, providing more education and leading to a more robust perception of certification.

Regarding the distinction between producer groups and recognised producer groups, it is necessary to carefully assess the impact and avoid creating marked distinctions that are counterproductive. Producer organization systems are different at the Member State level and have specific features adapted to each individual MS.

In addition, producer organisations need to be more visible and empowered. The groups are the heavy heads of the chain who are in charge of management and need more powers to act for the good of the territory. **The emphasis must be placed more on protection and promotion and all the common management practices of the GI chain, except for marketing, which must remain in the hands of the companies**. For producer groups, the task specified in Article 45 of Regulation 1151/2012 of avoiding practices that devalue certification must be maintained.

Producers also pointed out that it is good to see the **inclusion of sustainability in voluntary terms** within the legislative proposal, but it should not be forgotten that the regulation was created to be dedicated to quality production. There are also questions about how and where sustainability terms should be included, trying to understand if they should become an integral part of the specifications or remain on the sidelines. There must be economic sustainability as this is what will be reflected in the territory and allow investment in other sectors or policy areas. **Producers need to be the drivers of the sector and move together to give a clear direction to the system**. In addition, considering the different uptake of GIs in the EU, producers consider that more homogeneity among MS is needed, so that MS will invest more in this sector and ensure that GIs do become the pillar of European agri-food policies.

The GI system needs to be strengthened in order to unite producers and set an example for other countries in the world, promoting trade and exports in countries extra EU.



Intervention of the rapporteur for the European Parliament on the revision of the EU GIs system, MEP Paolo De Castro (S&D)

Mr De Castro took the floor and spoke on the legislative proposal.

For the MEP, **this is a great opportunity to provide uniform regulations for the GI system**. The review also goes hand in hand with the new CAP and the measures taken in the CMO. The new legislation is an opportunity to make an organic document on quality schemes and to strengthen a system that he described as an EU success story.

He recalled that the GI system generates around 75 billion of economic value at the EU level, with a good share linked to exports. **The system is also crucial to create value in challenging rural areas** like suburbs, mountains and islands.

The proposal also aims to strengthen producer organisations, reinforce protection, especially as regards evocation, and simplify the system. The world of GIs is becoming increasingly complex and needs to be streamlined. **The proposal can be an opportunity to incentivise producers and organisations to implement successful strategies** such as production planning and investments in the promotion. The most successful systems are those in which the producers are led by an organisation that increases the level of coordination and ensures that the value generated is distributed throughout the territory.

The reform must also be an opportunity to relaunch and strengthen transparency, traceability and information.

On the subject of the transfer of specific competencies to the EUIPO, MEP De Castro reminded the contribution of this office in the **management of IPR protection**. The office in Alicante is very competent and is an important actor in protecting GIs in the EU and outside the EU. De Castro stressed that its tasks must be clear and that it is necessary to understand the scope of the various actors' actions. The rapporteurs will also work to limit the use of delegated acts so that all procedures will be clear and transparent in the text of the regulation.

In the coming months, the Parliament will work with all stakeholders to present its proposals for improving and contributing to the EC regulation.

The EP Calendar will be as follows:

- A short working document will be presented in June 2022 in order to allow for an exchange of opinion within the Agriculture Committee of the EP;
- The formal submission of his report to EP Agri Committee will take place in October 2022;
- The vote is provisionally scheduled for February/March 2023;
- Trialogues will be launched in mid-2023;
- Formal approval of the regulation is expected by the end of 2023, under the Spanish Presidency of the Council.

AREPO President, Ms Begoña **García Bernal**, concluded this session stressing that AREPO **will provide all possible support to the rapporteurs in the formulation of the modifications of the legislative proposal**. Supporting the GI system means standing by producers. Today, GIs are an excellent tool for rural development to ensure the sustainability of rural communities and allow their survival and resilience in a period of so much uncertainty.

3. PRIORITIES OF EU POLICY



The pillars of the CAP, together with the **Green Deal and the Farm to Fork strategy**, represent for the EU the direction of the European agri-food system. The priorities proposed are concepts on which EU quality schemes have always been based, bringing sustainability benefits indirectly to the territory. However, the emphasis on environmental terms seemed to have overshadowed the other benefits brought about by the quality system.

Sustainability also concerns consumer information. Producers **are concerned that the trends of recent years regarding nutrition labelling give misleading information to consumer and undermine the marketing of GI products.**

Producers referred to the EC initiatives to introduce a FOPNL. Particularly, they focused on Nutriscore, which will undermine the perception of the product and influence consumers in their purchases by not taking into account consumption habits and quantities, rather standardising information.

The direction of EU policies is based on the principles of nutritional health, and in some cases, the EU's hard-line may put some GI products at risk (e.g., foie gras, dairy products, olive oil, etc.). **Producers considered that action in these terms should be very cautious and that the GI product should be protected more so as not to sacrifice the original character of the quality system.**

The main doubts emerged concerning which system to be chosen: either exempting GI products from nutrition labelling or finding a solution that provides clear nutrition information, including average and recommended consumption.

The priority of the GI consortia is to maintain a position of economic-productive survival and maintain an accessible market for all GIs without certain products being discriminated against because of their nature, avoiding communication that may damage the image of the quality product.

4. STRENGTHENING OF AREPO'S COLLEGE OF PRODUCERS

The Vice-president stated that actions are necessary for the future of the Board of Producers within AREPO.

The main necessity is to strengthen the body to give an active voice to the College and support the regional authorities in the political decisions concerning the EU quality policy.

The forms of representation of producers and stakeholders at the European level are evolving, and action is needed to better represent producers and determine the future of the GI scheme. The Board of producers needs to make an effective contribution to the regions in order for AREPO to take even more structured decisions.

The Board of producers has a low representation that must be reinforced and enlarged. **For this reason, both the Vice President and the Secretary General invited AREPO regions to appoint, according to the statutes, the two representatives of producers per regions to encourage participation and strengthen the contributions of producers.**

CONCLUSION

The President of AREPO, Ms Begoña **García Bernal**, stressed that the issues dealt with during the meeting are vital for the future of the GI system and for making quality systems increasingly effective tools for rural development. The most significant task is to **understand how to improve the system, providing it with tools to evolve and how to strengthen it for the future of the territories.**