



ASSEMBLY OF EUROPEAN REGIONS PRODUCING FRUITS, VEGETABLES AND ORNAMENTAL PLANTS

ASSEMBLÉE DES RÉGIONS EUROPÉENNES FRUITIÈRES, LEGUMIÈRES ET HORTICOLES

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AREFLH Position Paper on the Annual Work Programme 2018 on information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries

This paper has been developed to put forward AREFLH's members recommendations in regards to the drafting of the future 2018 Annual Work Programme on information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries.

1- Background Information

The fruit and vegetables sector in Europe accounts for 21 % of the total value of agricultural production. It uses only 3 % of the cultivated land, is worth more than EUR 50 billion and represents 30% of agricultural employment while receiving only circa 3.5% of the CAP expenditure.

Despite its significance in Europe's agricultural landscape, the F&V sector constantly faces persisting and new challenges such as: declining consumption and exports volume, repeated market crises (e.g Russian embargoes, export difficulties in North African countries), market access difficulties mostly due to tariff and non-tariff barriers as well as a structurally weak bargaining position vis-à-vis large-scale retail and processing trade.

With these factors highly impacting the sector's income, marketing and promotion budgets are equally affected and must also face the competition of other agrifood products that benefit from large branding and therefore higher budgets dedicated to the promotion and marketing. In this regard, AREFLH welcomes the Commission's promotion policy laid down in Regulation 1144/2014 and the deriving funding opportunities, as it represents a powerful tool to recapture market shares in the internal market as well as promote and diversify exports in third countries.

Nevertheless, AREFLH believes that some of the provisions and priorities set out in the 2017 Annual Work Programme can be reviewed and improved in order to achieve a more functional, simplified and far-reaching EU promotion policy that matches the F&V sector's needs and expectations.

2- AREFLH's Recommendations

AREFLH would therefore like to share the following recommendations with the European Commission :

A. Striking the right balance in budget lines between the internal market and third countries as well as amongst simple and multi programmes: in the 2017 Annual Work Programme, simple programmes in the internal market were allotted 22.5 Mio Euros, while simple programmes on third countries were granted 63 Mio Euros. Albeit the majority of potential consumers of EU agricultural products does not reside within the EU, F&V producers have a strong interest in targeting EU consumers and promote their products in the internal market. Therefore, AREFLH advocates for an equal share of the budget lines allocated between internal and third country markets for information and promotion actions in the 2018 AWP.

AREFLH also believes that the funding discrepancy between simple and multi programmes is excessive: in the 2017 AWP, simple programmes have been allotted 90 Mio euros (almost 70% of the total budget) compared to the 43 Mio euros apportioned to multi programmes. Thus, AREFLH encourages the Commission to adopt a more balanced approach for the 2018 budget breakdown.

B. Simplifying the AWP priorities: The 2017 AWP sets several different topics for both simple and multi programmes and differentiates budget lines between internal market and third countries priorities. AREFLH believes that the complexity arising from this distinction has highly impacted applicants who have been forced to increase their responses to the different topics available in order to maximize their chances to obtain funding in the topics that matched their interest.

In order to simplify the 2018 AWP priorities, AREFLH suggests:

- to eliminate differentiation of topics or at least regroup the existing set of objectives in broader topics, which would contribute to reduce the scheme's complexity and allow applicants to better decide how to implement their actions.
- to avoid excessive differentiation of budget lines for internal market and third country objectives. This would allow applicants to better assess which actions are most likely to be successful in the market for their sector.

C. Strengthening the budget dedicated to EU Quality Schemes, in particular for Fruits and Vegetables: The recognition of products under EU quality schemes - which have been so far little recognized by consumers - requires ambitious promotion programmes and consequently a sizeable budget. AREFLH recognizes and welcomes the emphasis put on these products in the AWP 2017 for both simple and multi programmes, However, we would like to point out that the budget dedicated to EU quality schemes remains too low in view of the promotional objectives set by the European Commission. Therefore, AREFLH recommends to increase the budget share reserved for the promotion of EU quality schemes and to have specific subcategories for the different schemes (PDOs, PGIs, TSGs, organic...) in order to facilitate their valorisation and recognition.

D. Integrating SPS barriers in the European Commission's macroeconomic analysis for third countries: AREFLH highly appreciates the usefulness of the Commission's macroeconomic analysis for third countries as it provides valuable information to applicants. However,

AREFLH considers that, bearing in mind the significant market access difficulties in third countries are mostly due to SPS barriers, the Commission's analysis should integrate information on SPS barriers per sector, thus assisting applicants in evaluating market opportunities.

- E. Provisions for serious market disturbance, loss of consumer confidence or other specific problems:** AREFLH welcomes the Commission's decision to reserve a segment (4.5 Mio Euros) of the promotion's budget for market disturbance and other specific problems as the agricultural sector, and the F&V sector in particular, have proven to be extremely vulnerable to unexpected market disturbances. However, AREFLH recommends this provision to be open not exclusively to simple programmes but also to multi programmes. In addition, AREFLH believes that, contrarily to the 2017 AWP where the unused budget for this segment was reallocated to the promotion of dairy and pigmeat products in third countries, unutilized funds should be made available to all categories (in both simple and multi programmes) without distinction.
- F. Prioritizing the sectors severely affected by the consequences of the Russian embargo:** AREFLH calls on the Commission to allocate specific budget lines for the sectors facing the long-lasting consequences of the Russian embargo, in particular for the promotion and information actions for F&Vs.

AREFLH's (Assembly of European Regions producing Fruit, Vegetables and Ornamental Plants) main missions are :

- to represent its 19 member regions and 22 AOPs, from 6 countries in Europe;
- to defend the economic and social interests of the fruit, vegetable and horticultural sectors to the European authorities;
- to foster exchanges of experience, partnerships and joint projects between regions and professional organisations;
- to actively seek new solutions for the main issues which affect the future of the fruit and vegetables production in Europe.

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