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Towards a coordinated European GIs agenda to respond to the COVID-19 crisis

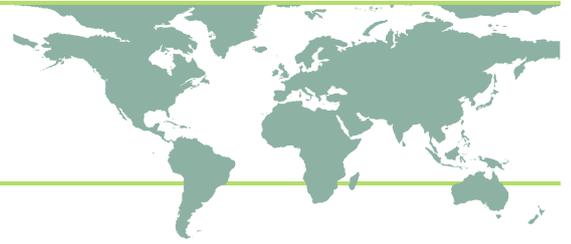
oriGIn EU is the European branch of the Geographical Indications (GIs) global alliance (<https://www.origin-gi.com>) and represents GIs individual groups as well as GIs national associations before the European institutions.

The GIs sector makes a tremendous contribution to the European economy, representing a sales value of more than €75 billion, according to a study published today and some 15.5% of total EU food and drink exports¹. The European Union is the world leader in agricultural quality products and sustainable rural development and has long understood the benefits of GIs. Relying on an important network of small and medium-sized companies that provide jobs directly and indirectly in rural areas through production and related activities such as tourism, GIs greatly contribute to the quality, variety, and competitiveness of the European agricultural sector.

In these unprecedented circumstances triggered by the COVID-19 outbreak, while the European GIs sector is making tremendous efforts to keep its value-chains operational its economic operators are facing unprecedented challenges. It has been mentioned that the agrifood industry has not been as heavily impacted as other sectors, but it is important to take this statement with a measure of caution. The agrifood sector is largely composed of small producers and SMEs, which are more exposed to the challenges the sector is facing, and this is particularly true for EU GIs that rely on an important network of small and medium-sized companies. These challenges might threaten the very existence of some of them, in particular small producers.

- i. First of all, **the collapse of sales (and consequent loss of revenues)** caused by the closure of the HORECA and other on-trade distribution channels leads to an important drop in **sales in domestic and foreign markets**. With the shutdown of public marketplaces, **this problem becomes dramatic for GI producers selling directly to consumers** (not present in supermarkets and e-commerce platforms). At the time of writing, some small producers are barely moving goods and have already started to destroy their production. Overall, GIs sales dropped by an average of 30% (with important discrepancies among sectors – drops even reached 90% for some dairy products).
- ii. As the hotel and catering industry is closed, **payments to GIs economic actors are delayed**. As a result, they are facing liquidity problems, which could force many companies to shut down. This will have an important impact in terms of loss of jobs and businesses in many rural, often disadvantaged areas across the EU.
- iii. The uncertainty generated by the pandemic is affecting consumers patterns. This trend will be aggravated by the economic crisis which will follow, with millions of jobs being lost. As the [short-term outlook for EU agricultural markets for 2020](#) published by the Commission shows, on the one hand, staple food such as pasta, rice, flour, canned fruit and vegetables have been in higher demand, benefiting from the switch to home consumption. **On the other hand, high-value**

¹ Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialities guaranteed (TSGs), 2020. AND-International, Directorate-General for Agriculture and Rural Development (European Commission), ECORYS



products, such as quality meat cuts, wine and specialty cheeses are seeing a significant decrease in consumption. Current and post-emergency purchasing behaviours will have long-lasting negative effects on the GIs sector: a strong demand of storable and cheaper products, a greater orientation towards online shopping, the choice of grated/pre-packaged/free-service products at the expense of the cutting at the counter products and almost exclusive use of the large-scale retail channels.

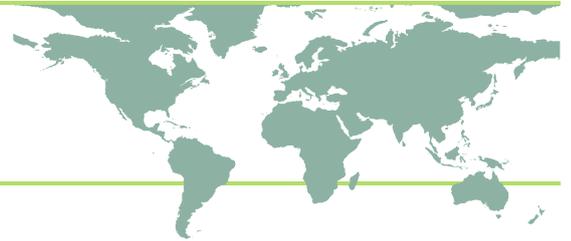
- iv. **The tourism sector related to GIs** (visits to museums, production facilities, farms, etc.) **is experiencing a dramatic drop in revenues.**
- v. **The COVID-19 crisis is also having a negative effect on exports.** This comes on top of existing issues faced by the sector, namely the 25% *ad valorem* US tariffs and continued uncertainties concerning “Brexit”.

An ambitious EU GIs agenda

Such an unprecedented crisis, with the systemic risks it entails for the European GIs sector, requires European policymakers to adopt rapidly ambitious measures. Failing to measure-up adequately to the above-mentioned challenges, will produce dramatic long-lasting effect on the European quality agriculture and many rural areas throughout the EU.

You will find hereinafter the measures that oriGIn EU and its members consider as necessary to deal with the crisis:

1. **First and foremost, CMO Regulation market measures must be activated as soon as possible the to help GIs value chains to deal with the imbalances generated by the outbreak**
 - a. The European Commission should act to adopt exceptional measures available under articles 219 and 221 of Regulation (EU) 1308/2013 to support producers, such as:
 - i. Activation of private storage;
 - ii. Export refund for operators affected by the US tariffs.
 - b. The European Commission should also activate article 222 of Regulation (EU) 1308/2013 to allow recognised producer organisations, and recognised interbranch organisations to derogate to competition rules and take all necessary decisions to stabilise the sector concerned. The activation of exceptional support measures could prevent the saturation of production tools by supporting in particular the reduction of production to stabilize the sectors in need and ensure producers a fair income. This tool having no budgetary impact, it would be incomprehensible not to activate this measure.
 - c. It now seems time to make use of the crisis reserve that was put in place for exactly this eventuality. Using this money now would aid farmers in the next few months when it is needed and would allow the money to be targeted to those sectors in greatest need.
 - d. In this context, it is essential for Member States to have maximum subsidiarity in in the implementation of regulatory measures. This covers as well temporary modifications of



products specification as well as the managing of production schemes schemes according to article 150 and article 172 of Regulation (EU) 1308/2013.

2. Information campaigns for agriculture quality products to help GIs regain markets should be strengthened and reconsidered

- a. Given the fact that national markets are the most impacted by the drop in sales, the European Commission should allow Member States full flexibility in using remaining rural development funds (FEADER) in 2020 to carry out promotional campaigns on Geographical Indications at national level (under article 16 and article 35 of [Regulation \(EU\) 1305/2013](#));
- b. In the short term, it is also necessary to consider exceptional measures regarding promotion on the internal and external market. The European Commission should reconsider the 2020 annual work programme for horizontal promotion in order to adjust to the current crisis. Indeed, it is difficult to know today how the world will look like in the following 10-12 months (in terms possibility of traveling abroad, organising fairs, tasting, lectures, etc.) and what will be the situation in the different markets. Even for organizations that submitted their proposal before the beginning of the crisis, some adjustments might be needed to respond as best as possible to the situation they are facing today. Although we welcome the postponement of the call for proposals to June, we believe this call should be refined to better take into consideration the European quality agricultural sector new needs. A preliminary analysis would suggest focussing such tender on national markets and the EU market, broadening/changing the activities covered (exploring the possibility for producers to get involved), providing simplified administrative procedures, in particular for small GIs groups.
- c. As for the 2021 call (both for the internal market and third countries), it will be important to increase available funds, concentrating resources to better inform on EU GI schemes on national markets as well as EU market, and targeting in particular foreign markets that are well established.

3. Geographical Indications must stay a priority at international level

The economic crisis which is being generated by the pandemic is of historical proportion. The cooperation among States (within the EU and beyond) is of crucial importance. In this context:

- a. The European Commission should engage with the United States to de-escalate existing trade tensions and remove the recent tariffs which have affected agricultural products from both sides of the Atlantic.
- b. The European Commission and Member States should ensure that the health emergency will not result in a proliferation of unjustified non-tariff barriers nor in the raise of counterfeiting, imitation, and usurpation of GIs products. In this respect, administrative controls should be strengthened, and financial resources to groups to carry out controls on the market should be provided.