



Associazione Italiana Consorzi Indicazioni Geografiche



Under the patronage of the



AGRICULTURE COMMITTEE OF THE EUROPEAN PARLIAMENT

Round table on the evolution of the European quality policy

**September 28 (10h00-12h30)
Room Jozef Antall: JAN 6Q1
European Parliament
Brussels**

With the support of Origin, EFOW and Qualivita



The round table discussion is likely to focus on two main issues which are the most important ones for GI producers in the context of the reform of the quality policy.

1. The need to recognize the role played by the organizations in charge of GIs

At the present time, regulation 510/2006 does not give any right to GI producers' organizations. This is not satisfactory as in many countries these organizations perform a key role in the protection and promotion of the GI of a large number of GIs, in particular all large GI products. These GI producers' organizations not only prepare the request for GI registration but play a key role in coordinating actions regarding the defense of the GI name, as well as the communication and promotion of the product and of the GI concept. In some countries, like in Italy, our Consortium has been granted a public authority role. It is in charge of public functions that have been given to him by a delegation of the Ministry of Agricultural. The Consorzio's inspectors can conduct investigations on the market; in such cases, they are considered as policemen. Therefore, the Consorzio plays a very important role regarding the controls and supervision of the respect of the national laws and of the EU regulation n. 510/06.

Trademarks owners can take measures to ensure that their products are looked after in a correct manner from the production phase to the distribution phase. On the contrary, GI producers are only allowed to work on the quality at the production level. This is clearly not sufficient. GI producers must have the ability to ensure that the quality, image and reputation of their products are preserved also at the distribution level that is where the products meet the consumers.

The EU regulation should be amended to allow (as an option) organizations in charge of a GI which are sufficiently representatives of a GI to play a clear role in the management, protection and promotion of the GI product.

2. The importance for the organizations in charge of GIs to have the means to manage the production

GI sectors have not been spared of market fluctuations and crisis over the last years. In general, there has been a stabilization or increase of consumer price for GIs while price paid to the GI producers have fallen. This has created major problems at the production level with producers being put under a lot of economic pressure and some having to stop their activities.

This can be explained partly by the lack of balance between the power of producers and the power of buyers of GI products.

However, this is not the only factor. In many cases, the increase of the production has played a major role in destabilizing the market. This increase is the result of independent decisions from producers who are free to decide on their own about their GI production although it can affect a whole sector. Attempts to regulate the production of GIs have sometimes been considered illegal under national/EU competition rules. This is quite surprising when looking at the market share of GI products, as an example, the biggest European GI cheese represents less than 3% of its market.

Confronted with severe crisis, some GI producers have obtained support and the ability to take exceptional measures to try to secure a balance between the supply and the demand with a view to stabilize the price paid to producers. Other GI producers have been able to develop a more sustainable approach which has helped them to prevent crisis and to

manage their growth in a positive manner. This is the case of the wine sector which has a planting rights system in place until the end of 2015 – and wants to keep it afterwards – as well as of GI Comté cheese producers from France which have a government approved supply control schemes in place. Interestingly, this market organization has been studied by a professor in economy from the University of California, Mr. Pierre Mérel, who concludes in his study that the supply control scheme of the Comté has little effect on consumer prices. Furthermore, market power estimates are considered to be close enough to perfect competition not to raise economic efficiency concerns. As a result, Comté production remains more profitable to milk producers and the Comté sector has not been exposed to major crisis in the past 10 years. The same arguments are applicable for the entire production of Pdo cheeses and also for Pdo and Pgi in the meat sector.

Bearing in mind that it is vital to safeguard the common heritage which constitutes the essence of any GI, it is crucial to protect GI products against market fluctuations which go against the very aims of the GI (protection of a guaranteed quality, respect of traditions). These fluctuations create stock problems, causes the closure of small units holding that have a large expertise. As a result, typicality and taste are definitely lost.

The supply management "at source" allows a better market share for producers because it provides a better balance power between supply and demand. It must be noted that the possibility for GIs to manage the production should not prevent the entry of new producers but should be implemented in a way that respects the free market access. If used, it should be a "measure of restraint" that affects both new and old producers.

If EU decision-makers are serious about preserving the diversity of the European agriculture, there is a need to provide a suitable framework that allows for the management of GI production. This system would not cost anything to the CAP budget; it would reassure producers and investors who will be ready to invest more in these productions which are located often in disadvantaged regions of the EU.