Opinion of the Economic and Social Committee on the 'Proposal for a Council Regulation (EC) on measures to promote and provide information on agricultural products in third countries'

(1999/C 169/04)

On 1 April 1999 the Council decided to consult the Economic and Social Committee, under Articles 43 and 198 of the Treaty establishing the European Community, on the above-mentioned proposal.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 9 April 1999. The rapporteur was Mr Espuny Moyano.

At its 363rd plenary session of 28 and 29 April 1999 (meeting of 29 April 1999) the Economic and Social Committee adopted the following opinion by 78 votes to three, with nine abstentions.

1. **Introduction**

1.1. The proposal for a regulation creates a Community instrument for the promotion of agricultural products in third countries, through the total or partial Community funding of measures that promote or provide general information about such products. The measures, which are based on principles of subsidiarity and complementarity, will help to consolidate the image of Community products by giving added value to those measures already taken by the national authorities and the economic operators concerned.

1.2. The proposal for a regulation is limited to the drawing up of general criteria for the selection of:

1.2.1. products likely to benefit from this promotional instrument of the Community, i.e. products intended for direct consumption or processing where there are potential markets and, in particular, where no export refunds are required; and typical or quality products manifesting high added value.

1.2.2. markets of third countries where measures promoting and providing information about Community agricultural products are planned, i.e. markets where there is significant actual or potential demand.

1.3. Implementation of the promotional and information campaigns will be carried out over three basic phases:

1.3.1. Every two years the Commission will select eligible products and markets based on procedures involving the Management Committees responsible for the sectors concerned. Consultation of the Standing Group on the Promotion of Agricultural Products of the Advisory Committee on Agricultural Product Health and Safety will be optional.

1.3.2. The Commission will also have the task of approving the concrete promotional and information programmes proposed by the trade or inter-trade bodies representing the sector or sectors concerned and with the prior approval of the Member States concerned. The Commission will only be able to approve the programmes after it has informed the Management Committees of the sectors in question and, where appropriate, after consulting the Advisory Committee on Agricultural Product Health and Safety.

1.3.3. The tasks of managing and implementing the selected measures will, on the basis of an open or restricted invitation to tender, be assigned by the Commission to a body or bodies with specialist knowledge of the products and markets concerned, and with sufficient resources to implement the measures. As far as the olive oil sector is concerned, a provision explicitly enables the International Olive Oil Council to carry out this task.

1.4. With the exception of certain specific measures to be financed 100 % by the Community, the other measures would be part-financed as follows:

1.4.1. The Community's contribution would not exceed 50% of the real cost of the measures, with a degressive rate falling from 60 % to 40 % in the case of multiannual programmes.

1.4.2. The contribution of the Member States concerned would not exceed 20 %.

1.4.3. The remaining balance of the real cost of the measures would be borne by the private organization or organizations promoting the campaign. In certain duly justified cases, where the programme concerned is clearly of Community interest, the private organizations promoting the campaign might bear that part of the funding covered by the Member States.

1.5. The proposal for a regulation stipulates that every two years the Commission shall present to the Council and to Parliament a report on the application of the proposed measures.

1.6. Finally, the amount charged to the EC budget for the Community's financial contribution will be 15 million EUR annually for the period between the years 2000 and 2003.

2. **General comments**

2.1. The ESC welcomes this initiative at a time when the Common Agricultural Policy is going through a critical phase, with radical changes needing to be completed within the next few years.

2.2. These changes, which are designed to put the finishing touches to the European Union's new agricultural and agri-food model, will need to focus on bolstering the central pillars of that model, including the Union's role as an exporter of agri-food products.

2.3. To achieve this, it is necessary to improve the competitiveness of Europe's agricultural and agri-food sector both within the single market and in non-EU countries and to maintain the reputation Europe has acquired over recent times for being a world agricultural leader.

2.4. The Committee supports the idea that one of the best ways of maintaining and improving Europe's position is to support its export drive. Support is needed for the following reasons:

2.4.1. European agricultural, agri-food and forestry products undoubtedly offer wide variety and high quality, which is an excellent reason why they should be promoted and why their consumption should be encouraged in third countries.

2.4.2. All countries in the world, and especially our leading commercial partners and competitors (USA, Japan, Canada...), have a long-standing policy of actively promoting their products.

2.4.3. Product-promotion policies are neutral in the eyes of the World Trade Organization (WTO) and would undoubtedly help the European Union to foster the image and quality of our products on international markets.

2.4.4. There is also a general tendency to reduce export subsidies under the Marrakesh Agreement.

2.4.5. Finally, the promotion of EU agricultural, agri-food and forestry products in third countries would be a way of backing Member States' own export campaigns and this would be consistent with the principles of subsidiarity and complementarity.

2.5. If the European Union wishes to effectively step up its exports of Community agricultural, agri-food and forestry products, it is essential that its promotional activities are complementary to, and co-ordinated with, action already taken by Member States, agricultural organizations and their own enterprises in third countries. Only in this way will it be possible to develop a common approach that takes advantage of synergies and provides added value. With this in mind,

2.5.1. subsidiarity and complementarity must be the leading principles guiding the Community's promotion of agricultural products in third countries.

2.5.2. the initiative should be pursued on the basis of the co-financing principle since this makes it possible not only to pool financial resources but ensures, in the interests of effective action, that all the parties concerned are involved and shoulder their responsibilities.

2.6. Finally, we would emphasize that although public Community and national levels all have a role to play, it is ultimately the private component of product promotion that holds the key. The general campaign to promote agricultural products, which is supported both by the Union and by the Member States, in fact needs to be complemented by private investment, which means taking the promotion of individual product brands to be the keystone of the whole edifice.

2.7. Finally, the Committee considers that it is essential for the Community to set aside the necessary funds if its promotional policy is, with a minimum degree of effectiveness, to achieve the objective of improving the competitiveness of Community agricultural products. The Committee notes with disappointment, however, that the Commission's proposed budget is clearly inadequate.

3. **Specific comments**

3.1. Measures to promote or provide information on agricultural products 'shall not be directed towards particular brand names' (Article 1(2)); however, in the interests of complementarity and the effectiveness of the multiplier effect derived from combining Community action with national and private initiatives, such a provision must not automatically result in the exclusion of general measures forming part of more extensive promotional programmes that include brand components and are, in the last analysis, the ultimate objective of promotional activities.

3.2. The measures set out in Article 2 of the proposal coincide to a large extent with traditional, generally accepted policy instruments for product promotion. The ESC nevertheless considers that the following points should be included to clarify and complete the list:

3.2.1. The ESC approves the intention to focus Community action on the provision of general and common information on the quality, hygiene and food safety aspects of European products, but we should not forget at the same time to also disseminate the cultural values inherent in such products.

3.2.2. The market studies referred to in Article 2(e) should not only aim to provide a more accurate picture of third-country demand, they should also analyse distribution channels and the conditions governing access to markets and related problems (tariff and non-tariff barriers, tax systems, investment arrangements, etc.).

3.2.3. The promotion of workshops, meetings and seminars intended for selected target groups (importers, retailers, doctors, restaurant owners, the specialised press....) as well as other opinion-formers, in order to inform them of the virtues of EU agri-food products.

3.2.4. Sending sales representatives abroad and inviting buyers to the Community.

3.2.5. Although 'studies to evaluate the result of the promotional and information measures' (Article 2(g)) are an adequate instrument for testing the effectiveness of measures, they are not promotional measures in the strict sense of the term. The ESC proposed instead that sufficient funds be set

aside to pay for an independent enquiry into the effectiveness of the results of the programmes. Because of this — and in any case — the budget allocated to this regulation needs to be higher than the funding level proposed by the Commission.

3.3. With regard to the criteria for choosing suitable third countries (Article 4), particular consideration should be given to markets where there is actual or potential demand and where promotional activities are already being carried out by the Member States and their economic operators in order to facilitate and consolidate market penetration there. In the case of developing countries, promotional activities should always be sensitive to the need for endogenous development and preference should be given to EU products that are complementary to, rather than identical with, home-grown products.

3.4. Given the co-financing arrangements proposed by the Commission, it is vitally important for the Member States, and the private organizations located in the Member States, to be actively involved in the decisions regarding the selection of products and markets (Article 5), programmes (Article 7), and the bodies responsible for managing and implementing the measures and evaluating the results (Article 8). To this end the ESC proposes:

3.4.1. that an ad hoc, horizontal Management Committee for Product Promotion be set up, which would a) guarantee the involvement of national experts competent in the promotion of agricultural products in third countries, and b) aim to ensure that Community action is coherent and co-ordinated;

3.4.2. that consultation of the Standing Group on the Promotion of Agricultural Products of the Advisory Committee on Agricultural Product Health and Safety be mandatory and not just optional, as the Commission proposes.

3.5. The ESC endorses the provision whereby the Community may carry out promotional work in the olive oil and table olive sector through the International Olive Oil Council, given the excellent results achieved by this body to date. The ESC calls upon the Commission to consider the case for also using the International Olive Oil Council for promotional work within the EU.

3.6. The ESC supports the co-financing proposal of the Commission, especially since a financial commitment on the part of economic operators is a means of ensuring their active participation, the proper use of financial resources, and the effective achievement of promotional objectives. However, the financial participation of Member States may, if appropriate, be optional.

3.7. Finally, convinced as it is that the instrument in question has an important role to play in improving the competitiveness of European agricultural products, the ESC considers that the budget is too small to achieve the proposed objectives, especially if one takes into account the budget savings stemming from the reduction of export subsidies. In view of these circumstances,

3.7.1. the ESC calls upon the Commission, Parliament and Council to make an effort to increase the level of funding provided that this is not detrimental to the current funding of promotional activities within the European Union.

3.7.2. the ESC is convinced that the periodic assessment of the results of applying this regulation will lead to a sustained increase in funding.

4. **Final considerations**

4.1. The promotion of EU agri-food products in third countries is going to have to play an important role in the revamped Common Agricultural Policy if we wish to see the Union continuing to play a leading role in world agricultural markets.

4.2. Given the current and future restrictions imposed by GATT, the sector will only increase its competitiveness if flexible, modern and adequately funded instruments — similar to those already employed by our principal competitors — are employed in opening up new outlets in third countries.

4.3. EU-Member State complementarity and subsidiarity are the golden rules for common action of any description. It therefore makes sense for the Community authorities, national authorities and trade organizations to run this initiative in common, working in a co-ordinated fashion to maximise its benefits.

4.4. The involvement of the private sector is essential at the stages of planning, devising and financing programmes and actions. This financial commitment is not only a guarantee of involvement, it is also a way of ensuring achievement of the ultimate objective — support for European products, specialities and typical, high-quality brands.

Brussels, 29 April 1999.

The President

of the Economic and Social Committee

Beatrice RANGONI MACHIAVELLI

APPENDIX

to the opinion of the Economic and Social Committee

The following amendment to the Section opinion was defeated.

Point 4.1

Add after 'the promotion of EU agri-food products in third countries' the words: ', in addition to export refunds'.

Reason

The European Parliament adopted an amendment in plenary session to the effect that the European Commission should study the possibility of dismantling export refunds and of employing some of the resources freed up by this for promotional purposes.

Although the European Commission has already responded negatively to this amendment, it is important for the ESC to take a stand on this, and to emphasise the importance of the two instruments, which are entirely separate but complementary, and of an active European export policy, consisting of export refunds and promotional measures.

Result of the vote:

For: 27, against: 31, abstentions: 32.