Briefing
June 2016

EU agricultural promotion measures

SUMMARY

In light of the challenges currently facing the agriculture sector in the EU, an effective promotion policy becomes an important instrument in helping European agriculture to compete on world markets. Given the contribution the agri-food sector makes to total EU exports, it is essential for it to improve its competitiveness and market share. To support this objective, a new promotion policy for EU agricultural products has been developed, applicable since 1 December 2015. Based on a new Regulation, the policy introduces significant changes to the EU's information provision and promotion measures. These include an increased annual budget of up to €200 million by 2019, a greater focus on third countries; simplification, an expansion in the scope of measures to allow labelling to specify the origin of products and their brands under certain conditions, easier management of multi-country programmes and an expansion in the scope of eligible products and eligible beneficiaries.

The key elements of the new policy are presented alongside details of the main administration and delivery mechanisms including its work programme for 2016. The latter sets out the priorities accorded to promotion activities for both the internal market and for those third countries where there is the highest potential for growth. The first calls for proposals under the new rules closed at the end of April 2016. Though it is too soon to examine the outcome of the 2016 call, it is possible to provide evidence on the potential impact that might be expected from agricultural information and promotion programmes.

'Signature' for use in promotional campaigns.

In this briefing:

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Background

Within the context of the Common Agricultural Policy (CAP), support has been available through a range of instruments towards the provision of information and promotional actions for agricultural products. These have included support under Council Regulation (EC) No 3/2008 as well as other promotional measures through the Common Market Organisation for the wine and fruit and vegetables sectors and as part of rural development. Recognising the role of the Common Agricultural Policy and taking account of the development of the Europe 2020 Strategy for 'intelligent, sustainable and inclusive growth', the European Commission adopted in July 2011 a Green Paper to open a debate on the issues to be considered in developing a common strategic framework for the EU's information and promotion policy for agricultural products. This was followed in March 2012 by a communication from the Commission which was broadly welcomed by the European Parliament in its resolution of 20 November 2012. The communication set out a range of objectives for a future promotion policy along with key findings from the Commission's public consultation and the results of the Commission's evaluation of promotion policy (published in January 2012), as well as its reflections on the reform of the EU's promotion policy. In November 2013, the Commission presented legislative proposals for a new promotion policy. Following adoption of the European Parliament's position at first reading in April 2014, the legislative act was subsequently adopted by the Council in October 2014. The new Regulation (EU) No 1144/2014 became applicable from 1 December 2015.

The new EU promotion policy

Legislative framework and principal objectives

The general objective of the EU's new promotion policy as outlined in the recitals to Regulation (EU) No 1144/2014, is to enhance the competitiveness of the EU's agricultural sector. Within this context, a number of specific objectives have been set for the policy measures involved. These are to:

- increase consumers' awareness of the merits of the EU's agricultural products and production methods;
- increase awareness and recognition of Union quality schemes;
- increase the competitiveness and consumption of Union agricultural products; raising their profile both inside and outside the EU;
- increase the market share of those products, with special focus on those markets in third countries that have 'the highest growth potential'; and restore normal market conditions in the event of serious market disturbance, loss of consumer confidence or other specific problems.

Delegated and implementing regulations

In order to supplement or amend certain non-essential elements of Regulation (EU) No 1144/2014, power has been delegated to the Commission to act through delegated legislation (see Commission Delegated Regulation (EU) 1829/2015). This allows the Commission, for example, to supplement the list of products covered by the Regulation, the criteria for determining the eligibility of proposing organisations; the conditions governing the competitive procedure for the selection of implementing bodies and the specific conditions for eligibility with regard to simple programmes.[1]

Similarly, in order to ensure uniform conditions for implementation, implementing powers have been conferred on the Commission concerning detailed rules on, for example, the visibility of commercial brands and the origin of products on information and promotional material; the annual work programme, the selection of simple programmes including arrangements for their implementation, monitoring and control. These rules are laid down in Commission Implementing Regulation (EU) 1833/2015.

Key elements of the new policy

A number of key elements underpin the new policy. They include:

- **A significant increase in aid allocated to information and promotional activities** from a budget of €61 million in 2013 to €111 million for 2016 and up to €200 million in 2019.
- **The establishment of a European promotion strategy** which should allow for better targeting of promotion measures.
- **An expansion in the scope of measures** by allowing labelling to specify the origin of products and their brands under certain conditions.
- **An expansion in the scope of beneficiaries** to include producer organisations.
- **An expansion in the scope of eligible products**.
- **Simplification in administrative procedures**. (This involves a one-step selection procedure at the Commission rather than a two-step procedure involving first the Member State and then the Commission).
- **Easier management of multi-country programmes** developed jointly by organisations from several Member States via a one-stop shop at the Commission (via an executive agency[2]).

Changes in EU co-financing rates: where EU co-financing of 70% is available for simple programmes and 80% for multi programmes and programmes targeting third countries; 85% for crisis programmes. National co-financing disappears, thereby creating a level playing field.

The new Regulation gives recognition to the strategic importance of **brands and origin**, subject to certain conditions. It is possible for commercial brands to be visible provided that the principle of non-discrimination is respected and that the overall non-brand oriented nature of the measures remains unchanged. This is aimed at ensuring equal treatment and access for all brands, allowing each brand to be equally visible with its graphic presentation, in a smaller format than the main EU message of the campaign. The Commission's guidance notes indicate that the rules on brands are quite strict. For example, at least five brands are to be displayed, to ensure that the campaign remains generic and not an advertising campaign for a limited number of private firms.

In terms of **origin**, though the information provision and promotional measures cannot be origin-oriented, it is possible for the origin of products to be visible on information and promotional material. This is subject to a number of rules depending on the market involved. In the internal market, mention of the origin must always be secondary in relation to the main Union message of the campaign. In third countries, mention of the origin may be on the same level as the main Union message of the campaign. For products recognised under **EU quality schemes**,[3] the origin as registered in the denomination may be mentioned without any restriction.

Taken together however, the above elements represent significant changes, resulting in a policy which benefits from a larger budget where priority is given to programmes targeting third counties, and where selection for either internal market or third country programmes is undertaken by the Commission and not the Member States.

EU promotion policy in practice

Insights into the practical experience of the EU's agricultural promotion policy can be obtained from the Commission's monitoring report to the Council and the European Parliament. In addition, the Commission's external evaluation published in January 2012 coupled with the findings from an earlier Court of Auditors' special report published in 2009 provide useful sources on the operation of EU promotion policy.

Annual work programme 2016

A key element of the new promotion policy is the annual work programme for 2016 in the framework of information provision and promotion measures, adopted on 13 October 2015. This mechanism enables policy measures to be adapted each year taking account of emerging market opportunities and the needs of the sector. It defines strategic priorities for the promotion policy in terms of populations, products, schemes or markets to be targeted. Table 1 provides an indicative breakdown of the 2016 budget for promotion programmes by programme type and, in the case of third countries, by geographical area.

Table 1: Work Programme for 2016 in the framework of information provision and promotion measures

Indicative repartition of budget for co-financed programmes	Budget	%
Simple programmes – Internal Market	**€26 million**	23.4%
• Programmes to increase awareness of EU quality schemes* • Programmes to highlight specific features of agricultural methods EU* • Programmes on milk / dairy, pig meat products	€10 million €7 million €9 million	
Simple programmes – in third countries	**€68 m**	61.3%
• China / Japan / South Korea / Customs territory of Taiwan* • USA and/or Canada* • Central and South America and Caribbean* • South-east Asia* • Africa and Middle East* • Other geographical areas* • Programmes on milk / dairy products, pig meat products or a combination targeting any third country	€12 million €7 million €7 million €7 million €4.5 million €4.5 million €21 million	
Multi programmes	**€14 million**	12.6%
Simple programmes – in case of serious market disturbance	**€3 million**	2.7%
Total	**€111 million**	100.0%
* These programmes shall not cover milk / dairy products, pig meat products or a combination of those two. They may however cover milk / dairy products, pig meat products or a combination of those two, if they are associated with other products.		

Data source: Annual Work Programme for 2016 European Commission, December 2015.

The work programme is being implemented through calls for proposals. On 4 February 2016, the first calls for proposals for simple and multi programmes were published with a deadline for submitting applications of 28 April 2016. This time-frame with its relatively short window in which to prepare and submit a proposal, highlights the importance of each year's work programme as the priorities to be targeted are set out and therefore are known in advance. There is only one selection per year based on the priorities set out in each annual work programme. (For example, in 2017, Iran could potentially be considered as a target market, and if there was any change in the situation regarding the Russian ban on EU agricultural products, the above allocations could also change to take account of such a development).[4]

The following observations can be made from the data in Table 1:

- The situation facing the milk and pig meat sectors is recognised in the indicative budget allocations.
- The need to diversify EU exports across different geographical areas, taking account of potential market opportunities in for example China, Japan and south-east Asia is also recognised, including the specific needs of multi programmes.

In respect of the internal market, the value of Union quality schemes is acknowledged.

Beneficiaries, eligible products and actions

The new Regulation expands the scope of beneficiaries to include not just trade and inter-trade organisations but also producer organisations and associations of producer organisations that have been recognised by a Member State. Agri-food bodies (such as Chambers of Agriculture, and Bio Agencies) would be eligible. Proposing organisations need to be representative of the sector or product concerned. A trade or inter-trade organisation is deemed representative when it accounts for at least 50% of producers or 50% of the volume or value of marketable production of the product or sector.[5]

The previous policy was limited to agricultural products (covered by Annex 1 of the Treaty on the Functioning of the European Union). This excluded processed products. The promotion policy is now open to all agricultural products, covering not only Annex 1 products (excluding tobacco) but also a list of processed agri-food products in an Annex to the new Regulation. In respect of wine, only wine with designation of origin or protected geographical indication status and wine carrying an indication of the wine grape variety is eligible. Fishery and aquaculture products are eligible if listed in Annex 1 to Regulation (EU) No 1379/2013, and if they are associated with another agricultural or food product. Examples of past promotion programmes are available on the Commission's website. The types of promotion and information actions which are eligible are set out in each annual call for programmes. They can include, for example, public relations activities, press events, advertising, promotional videos, stands at trade fairs, study trips, tasting days etc. (Under Article 9 of the new Regulation, the Commission may carry out information and promotion measures including campaigns in the event of serious market disturbance, loss of consumer confidence. These measures may take the form of high-level missions, for example to China and Japan).

Selection, management and implementation arrangements

Following the submission of applications, the Commission evaluates and selects simple and multiple programme proposals. To be assessed against the award criteria, the proposals must meet the eligibility, exclusion and selection criteria. Independent experts examine the proposals, following the award criteria defined in the annual work programme. Once selected, simple programmes are the subject of shared management with the Member States. Multi programmes come under direct management by the Commission and the Consumers, Health, Agriculture and Food Executive Agency (CHAFEA), based in Luxembourg.

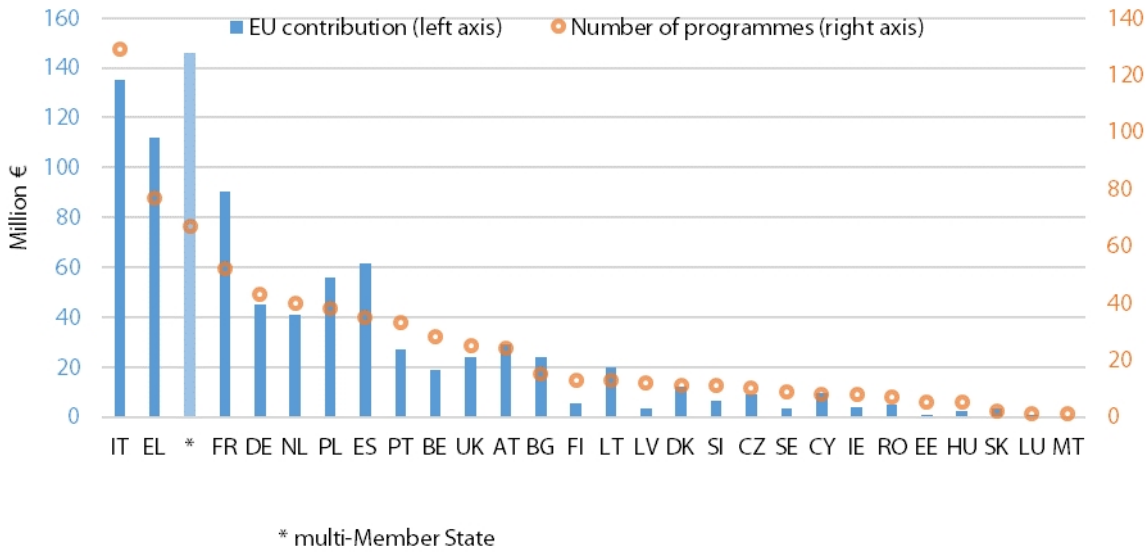
Decision to transfer to CHAFEA

The decision to delegate the management of multi programmes to CHAFEA was adopted through a Commission Implementing Decision on 17 December 2014. This development reflected the Commission's intention to use the option of more extensive recourse to existing executive agencies for the implementation of Union programmes.[6] The management of information provision and promotion measures was considered to involve the implementation of technical projects not entailing political decision-making. A cost-benefit analysis[7] published in 2013 showed that significant qualitative and quantitative benefits accrued from delegating implementation tasks to this agency, in comparison to managing them internally within the Commission.

Analysis of EU promotion programmes since 2001

Overall, since 2001, a total of 722 promotion programmes have been adopted. Further analysis of the 2006 to 2010 period indicates that all Member States took part in promotion efforts, involving around 183 approved programmes which included EU co-financing totalling €248.6 million. The geographical spread of programmes by Member State is illustrated in Figure 1, drawing on statistics provided by the Commission's Directorate-General for Agriculture and Rural Development (AGRI) for the period 2001 to 2015.

Figure 1 – Promotion programmes 2001-2015: Co-financing and number of promotion programmes per Member State



Data source: Statistics provided to EPRS by the European Commission, June 2016.

Despite the Commission's stated commitment to step up promotion in third countries, analysis for the 2006 to 2010 period indicates that just under three quarters of the supported programmes concerned the internal market, while the remainder targeted third-country markets, receiving 23% of the allocated EU funds. Figures for earlier years covering the 2001 to 2011 period show that only 30% of the budget earmarked for information provision and promotion measures was spent on measures targeting third-country markets,[8] though those markets offered major growth potential. The figures shown in Table 2 help to illustrate one of the key objectives of the new promotion system, namely to switch the focus towards third countries. In the years before the Russian ban, the budget for internal market programmes was almost double the EU budget for third-country programmes. By 2015, this difference has almost completely inverted.

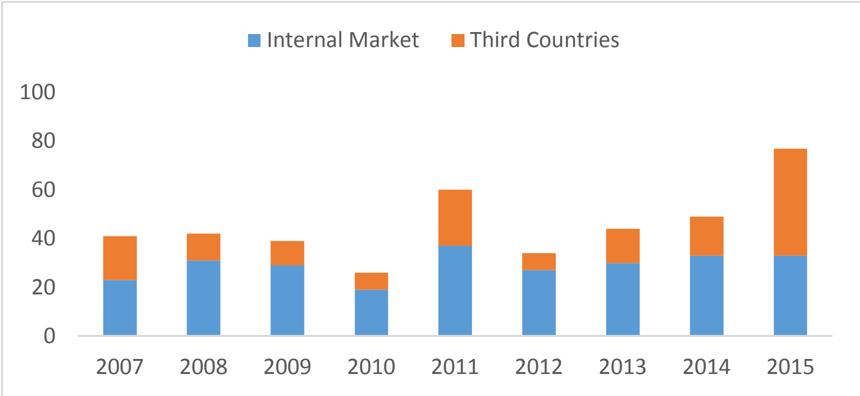
Table 2 – Promotion expenditure per market type: comparison of previous promotion system with the new policy, 2016

Market type	EU previous scheme	Post-reform objective 2016
Internal market	70%	30%
Third countries market	30%	70%

Data Source: EPRS extrapolation from information supplied by European Commission, 2016.

Figure 2 shows the number of promotion programmes over the 2007 to 2015 period including the split by market type. This further illustrates the point made above concerning the focus there has been on the internal market.

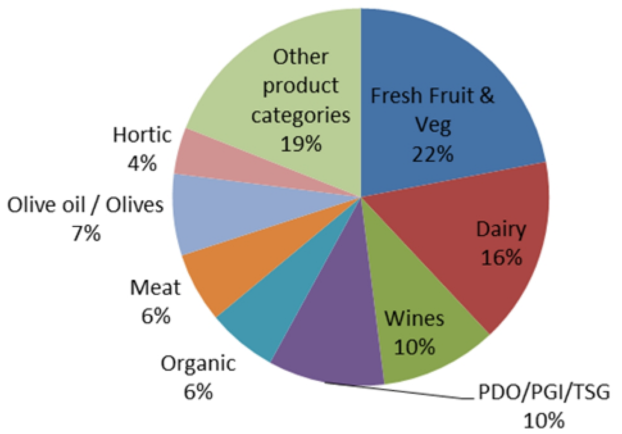
Figure 2 – Number of promotion programmes, 2007-2015



Data Source: Statistics provided by European Commission, June 2016

Figure 3 shows the different product categories which have been co-financed. Taken together, just under 50% of the co-financing has gone to fruit and vegetables, dairy products and wines. Support has also been provided for Union quality schemes which include products that benefit from a protected designation of origin (PDO) or a protected geographical indication (PGI).

Figure 3 – Promotion programmes 2001-2014: Co-financing by product category



PDO = Protected Designation of Origin; PGI = Protected geographical
TSG = Traditional Speciality guaranteed

Data source: '[Promotion Programmes Statistics 2001-2014](#)', European Commission.

A further issue which is raised in the latest [report](#) from the Commission to the European Parliament and the Council concerns the proportion of submitted programmes which were accepted. Over the period covered by the report, namely July 2006 to July 2010, 183 programmes out of 430 submitted were accepted for co-financing, i.e. an acceptance rate of 43%. The main reasons cited for rejection during this period were: (i) the actions were not described in enough detail to give the Commission a clear picture of the programme; (ii) the budget was not sufficiently detailed to allow the programme's value for money to be assessed; (iii) the reasons for proposing the programme were not given; and (iv) elements proving that the implementing body had been well chosen were lacking. The report further explains that in more recent years, another significant basis for rejection was the absence of SMART[9] objectives and methods for evaluation and impact assessment. Noting a high rate of rejections of programme proposals up to the end of 2010, the independent evaluation suggested that the logic governing the selection made at Commission level was not well enough known by applicants or by the pre-selection teams in Member States.

Table 3 updates this analysis for the 2007-2015 period. This suggests a slight increase in the approval rate to 52% compared to the earlier period.

Table 3 – Number of programmes submitted and accepted in the 2007 to 2015 period

Market type	Submitted	Accepted	Acceptance rate %
Internal market	**530**	**262**	**49%**
Third Countries market	**258**	**150**	**58%**
TOTAL	**788**	**412**	**52%**

Data Source: Statistics provided to EPRS by the European Commission, April 2016.

As part of the new arrangements, the Commission is making available technical support to help operators participate in co-financed programmes and to prepare effective campaigns or to develop their export activities.

European Parliament

As indicated in 'Background' above, the European Parliament, adopted on 15 April 2014, by 557 votes to 103 with 12 abstentions, a resolution at first reading on the Commission's proposals for the new Regulation. The amendments adopted in plenary were the result of a compromise between the Parliament and the Council. In order to increase the number of measures proposed and improve their quality, the co-legislators widened the range of beneficiaries to include producer organisations, groups and bodies of the agri-food sector whose activity is to promote agricultural products. It was agreed that the annual work programme should include provision for specific arrangements to react to cases of serious market disturbance or loss of consumer confidence. In such cases, the EU co-financing rate was increased to 85%.

The European Parliamentary Research Service (EPRS) undertook an analysis of the strengths and weaknesses of the Commission's Impact Assessment (IA) to assist the EP's Committee on Agriculture and Rural Development (AGRI). Though the legislative proposals were found to be coherent, it was felt that the IA did not explore the potentially negative implications of counter-activities that might be organised by third countries in response to increased promotion in their markets of European products.

Stakeholders

In October 2015, over 160 participants from across the agri-food chain came together in Brussels for a seminar to discuss and share best practice on implementation of the new policy. The agri-food chain partners welcomed the increased budget for this policy, especially with the effects of the Russian ban on their sector. It was also felt that the new policy had 'great potential to help the EU diversify into new markets, enhance competitiveness and raise awareness of quality'. In 2014, the European Liaison Committee for Agricultural and Agri-Food Trade (CELCAA) welcomed the Commission's proposals to target promotion measures in priority to third countries' markets, as well as the administrative simplification through the management of multi-country programmes via a one-stop system at Commission level.

Looking to the future

Assessment of impact

The new promotion policy introduces significant changes. These include increased co-financing, a greater focus on third countries, delegation to an Executive Agency (CHAFEA) for the management of certain parts of the information and promotional measures concerning agricultural products, including the evaluation of simple programmes; simplification; and a commitment to monitoring and evaluation including the assessment of impact. Though the new policy only took effect on 1 December 2015, evidence can be obtained from two existing sources which together throw some light on the types of impact that might be expected to arise from future promotional programmes. The first relates to the evidence available from the external evaluation undertaken of the EU's previous information and promotion policy for agricultural products. This was published in January 2012. The second relates to evidence from assessments undertaken within the USA on the impact such programmes can make.

In the case of the external evaluation exercise, which covered the 2002 to 2010 period, it found that in the absence of co-funding, programmes would have been much smaller and different in terms of messages and information channels used.[10] Without EU co-funding, generic multi-country or multi-product programmes would have had a much smaller scale and would have been funded mainly by the private sector, while some programmes would probably not have taken place at all, especially for third-country promotion, where minimum critical mass was needed in terms of budget – not often affordable without EU support for smaller operations. In the case of markets in India, China and south-east Asia, it concluded that EU funding had facilitated longer programmes, more diverse instruments and countries participating. Many programmes however, had difficulty identifying their impact, reflecting in part the inherent challenges indicated in the Commission's own commentary on the quality of the evaluation.

Turning to evidence from the USA, a study sponsored by the United States Department of Agriculture’s Foreign Agricultural Service evaluated the impacts of the US Market Access Program (MAP) and Foreign Market Development Program. It noted that for every dollar spent on agricultural export promotions, US agricultural exports increased by US$35.[11] Public-sector support for these schemes was considered to be important, as small firms and producer groups had difficulty in maintaining a consistent export-marketing effort because of market and policy risks and the lack of critical mass. The study also noted that the effects of market-development funding spent in a given year lasted over several years – three years for bulk commodities and seven years for high-value commodities. As noted by the Commission in its proposals for the new legislation, such findings point to the positive nature of public policies supporting information provision and promotion measures for agricultural products.

Outlook

Given that the first calls for submissions under the new EU promotion rules opened at the beginning of February 2016, with a closing date of 28 April, it is not yet possible to provide figures on the numbers of applications submitted. That said, recent feedback on the implementation of the previous policy indicates a significant increase in applications in 2014-2015, including a significant increase in financing granted.[12] Moreover, the ratio between third countries and the internal market has almost been reversed from around one third previously to 60% currently. There are also indications of a significant diversification of target destinations, a reduction in 'mono-country' programmes and a high acceptance rate, which could reflect a steadily increasing quality of proposals.

Under the new Regulation, the Commission must submit an interim report on its application to the European Parliament and Council by 31 December 2018. This should include the rate of uptake in different Member States. It is anticipated that the first actions to be funded under the new policy will start from December 2016.

Main references

Evaluation of promotion information actions for agricultural products Final Report, Analysis for Economic Decisions (ADE) in collaboration with Metis and Agrotec, November 2011.

Calls for proposals for simple and multi programmes, Consumers, Health, Agriculture and Food Executive Agency (CHAFEA), 2016.

Regulation (EU) No 1144/2014 of 22 October 2014 on information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries and repealing Council Regulation (EC) No 3/2008.

Endnotes

1 A 'simple' programme is a promotion programme submitted by one or more proposing organisations from the same Member State. A 'multi' promotion programme is one submitted by at least two proposing organisations from at least two Member States or one or more European organisations.

2 See later section on EU promotion policy in practice, sub-section 'Decision to transfer to CHAFEA', p6.

3 The main Union quality schemes are products benefitting from Protected Designation of Origin (PDO) or a Protected Geographical Indication (PGI).

4 Committee of the Regions lunchtime debate on promotion of EU agricultural products. 12 April 2016, Brussels.

5 Commission Delegated Regulation (EU) 1829/2015 allows a derogation for lower thresholds if there are specific circumstances justifying treating the proposing organisation as being representative.

6 In its Communication of 29 June 2011 'A budget for Europe2020' the Commission proposed to use the option of more extensive recourse to existing executive agencies for the implementation of Union programmes in the next multiannual financial framework.

7 Cost Benefit Analysis for the delegation of certain tasks regarding the implementation of Union programmes 2014-2020 to the Executive Agencies (Final Report 19 August 2013). This noted that CHAFEA was well placed to take on these tasks with the rationale for the agency as a hub for 'public health, agriculture and consumer related programmes'.

8 Source: Cited in Regulation (EU) No 1144/2014 (op. cit.).

9 SMART objectives are those which are: Specific, Measurable, Appropriate, Realistic, Time scheduled.

10 See ADE Final Report, page 55.

11 In 2012, it was noted that at the Federal level alone, the US spent US$280 million of public funds to promote its agricultural exports. A recent assessment of US export promotion measures quotes a figure at US$229.7 million for the fiscal year 2012.

12 Committee of the Regions lunchtime debate on promotion of EU agricultural products, 12 April, 2016 Brussels.

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