



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 14.01.1999  
COM(1998) 683 final

98/0330 (CNS)

Proposal for a

COUNCIL REGULATION (EC)

on measures to promote and provide information  
on agricultural products in third countries

(presented by the Commission)



## **EXPLANATORY MEMORANDUM**

### **1. INTRODUCTION**

The Agricultural Council at its meeting of 23 to 25 June 1997 called on the Commission to look into the setting-up of a horizontal framework for the assistance of promotion activities for the export of agricultural products and to make a proposal. At the agricultural Council on 22-26 July 1998, the Commission announced a proposal before the end of 1998.

The Commission is aware of the challenges which European agriculture faces in the years to come, as attested by its proposals to reform the CAP. To take up these challenges and to participate in the positive evolution of the world marketplace, European agriculture has to improve its competitiveness in this market. This will entail exporting increasingly without refunds, while at the same time putting emphasis on the quality and safety of its products.

This approach has been emphasised by the European Council of Luxembourg in December 1997 which recognised the need to continue developing the current model of European agriculture while at the same time searching for greater internal as well as external competitiveness.

The European agri-food sector must prepare itself for this evolution if it does not want to see its position in the world markets dwindle. The Community can assist in this effort by implementing an aid scheme for promotion activities in this field.

### **2. THE CURRENT SITUATION**

To date the Community has conducted promotion campaigns in non-member countries in a very small number of sectors, in particular olive oil (through the International Olive Oil Council) and fibre flax (directly managed by the Commission). The results obtained are very satisfactory, the use of these products outside the European Community is developing. This should be considered as an indicator to go on with similar activities for other agricultural products.

### **3. THE SCOPE FOR COMMUNITY PROMOTION**

Although it is true that primary responsibility for promoting their products rests with the producers and the trade as well as with the Member States of origin, the Community can play a very useful role in this field. By basing itself on the principles of subsidiarity and complementarity, Community promotion can offer "added value" to the actions carried out by the national authorities and the interested economic actors.

The following arguments can be put forward in favour of a Community policy toward export promotion.

- a) Firstly, Community action should have a multiplier effect, providing a boost for national initiatives and private activities. Furthermore, it would benefit all producer Member States, including those which do not have the financial resources, to undertake promotion.

In fact, an action taken at the Community level to provide information and to upgrade products, will increase the effectiveness of the work undertaken at the national level and stimulate the Member States and the private firms to take consequent measures. According to information available, in countries with little or no information about Community products, promotion measures targeted at retailing and distribution business as well as actions to inform consumers of Community products (e.g. wine and cheese) would be much better accepted and would have greater impact than isolated initiatives taken by individual Member States or firms.

What is required are Community actions that boost the common and European values of the products, while at the same time respecting their diversities (conditions of production, methods of conservation and utilisation).

- b) Secondly, in the new international environment featuring to reduce or abolish generally export refunds and to proceed to a greater liberalisation of trade, the competitive position of EC products can be improved by Community actions to promote their image on international markets.

Therefore the Community has to assist its operators in adapting to the situation, resulting from both the GATT Agreements and the forthcoming WTO negotiations, by creating an environment favourable to Community products, and in particular those exported without refunds. This is a specific task of the Community, while the Member States' promotion campaigns are geared to conquering a greater market share for their own products.

In particular the Community assistance should involve in informing consumers and those in the trade (importers and distributors) in non-member countries about measures planned at Community level to guarantee the quality and the safety of foodstuffs (e.g. labelling and traceability of beef/veal, absence of residues) and the supply of characteristic, clearly identified products linked to specific areas (PDO/PGI arrangements).

The Member States, for their part, should supplement, where appropriate, such joint action by initiatives that highlight the specific qualities of their own products and regions of origin.

- c) On the other hand, in addition to market studies, specific Community action to develop new export markets could involve high-level official visits, in particular to international fairs to help open up certain markets. Such Community-level visits can prove highly effective (for abolishing trade barriers, securing acceptance of Community controls), compared to similar initiatives taken by a sole Member State who targets only on its own products.

- d) Finally, the need for an active promotion policy is recognised by our principal trade partners (ex. the U.S.A., Japan and Australia) which, in the light of the new international context resulting from the GATT Agreements, have equipped themselves with ever more effective promotion policies in order to maintain and raise their world market shares.

Given these circumstances, the Community would weaken its position in the external markets if it fails to come up with an equivalent approach.

#### 4. CHOICE OF PRODUCTS AND MARKETS

The Community promotion should target products intended for direct consumption or for processing with priority being given to high value added or highly differentiated products that, with suitable promotion, have a prospect of being exported without refunds. However, this should not mean that products, which happen to receive export refunds, are by definition precluded from the scheme.

The target markets are those where there is significant real or potential demand and where the Community faces strong competition (e.g. Japan and south-east Asia, the Middle East, the USA and Latin America, Canada and Australia, as well as capital regions in developing countries). In accordance with criteria set by the Council, the Commission should decide every second year on the products with latitude for adjustments in the intervening period.

#### 5. TYPES OF PROMOTIONAL MEASURES

The action to be undertaken can be grouped in three categories:

- a) General Activities, comprising market research and surveys (dealing with topics of supply and demand, consumer behaviour, structure of distribution) and high level visits with the participation of selected managers as well as the participation in international events fairs and exhibitions, with European Community stands (cf. stand at FOODEX in Japan in March 1997).
- b) Sector Activities, meaning measures carried out for a specific sector or for a few specific products with the purpose of establishing a basis for the marketing effort. These measures could take the form of press conferences, workshops and seminars for selected target groups (such as importers, distributors, medical doctors, nutritionists, and other opinion leaders) focusing on the advantages of EC products in terms of quality, hygiene, food safety, nutritional aspects, animal welfare, labelling, etc.
- c) Specific Programmes, instead, would consist of Public Relations activities, advertising and promotions aimed at consumers/end users.

## **6. FINANCING**

With the exception of certain specific measures (information on Community quality and labelling systems, high-level visits, studies) to be financed 100% by the EC, the other measures should be part-financed (e.g. 50%) by the EC, the remainder being defrayed by the professional/interbranch organisations proposing them and by the Member States concerned. Such part financing appears indispensable if those in the trade and the Member States are to be made more responsible.

Similarly, concerning the financing of promotional activities lasting for longer periods (e.g. more than two years), Community share of financing should be regressive (i.e. with a diminishing percentage share of say from 60% to 40%).

## **7. MANAGEMENT, CONTROLS AND ASSESSMENT**

After the Community regulation framework has been defined (objectives, resources, products, etc.), initiative for measures to be taken should fall essentially on the professional/interbranch organisations of the sectors concerned. After the Member States concerned have given their agreement, such measures would be proposed for approval to the Commission, which should give preference when selecting programmes to those from organisations covering several Member States.

Regarding the implementation of approved measures and taking account of the extensive experiences required, mainly the knowledge of several disciplines and intercommunicating markets as well as the lack of specialised staff at the Commission, the only viable solution for implementing the measures approved by the Commission would be, to give responsibility, by means of restricted or open invitations to tender, to an operational structure with a network in the markets concerned and able to call on human resources with the requisite technical skills in the fields of communication, products and markets.

For olive oil, the system of management entrusted to the IOOC (International Olive Oil Council) should be maintained in view of the positive results achieved and the lack of other sector-wide structures comparable with the IOOC.

A monitoring committee set up by the Commission and the Member States concerned should be put in charge of overseeing the measures. As for all other contracts of this type, the competent departments of the Member States and the Commission (EAGGF, Financial Control, UCLAF) will carry out financial control.

Lastly, the implementation of the measures will be assessed by independent bodies selected by the Commission.

Proposal for a  
COUNCIL REGULATION (EC)

on measures to promote and provide information  
on agricultural products in third countries

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas, under current legislation, the Community can conduct promotional measures in third countries for a limited number of agricultural products; whereas the results so far have been very encouraging;

Whereas, in view of the experience gained, the prospects for market growth both within and outside the Community and the new context of international trade, a global and consistent policy needs to be developed towards information and promotion on the markets of third countries;

Whereas such a policy can usefully supplement and strengthen the measures undertaken by the Member States, especially by promoting the image of Community products on international markets as regards food quality and safety in particular; whereas this activity, by helping to open up new markets, is also likely to have a multiplier effect on national and private initiatives;

Whereas the selection criteria for the products and markets involved must be identified;

Whereas, as a general rule, the Commission should bear only part of the requisite funding, so that the proposer organisations and interested Member States can share the responsibility; whereas however, in exceptional cases, it may be appropriate not to require a financial contribution from the Member State concerned;

Whereas provision should be made whereby the Commission, through the appropriate procedures, can delegate management and implementation of the measures to bodies with the necessary facilities and skills;

Whereas, in view of the experience gained and the results achieved by the International Olive Oil Council in its promotional activities, provision should however be made to continue delegating to that body the measures falling within its sphere of responsibility; whereas it should be possible to seek the assistance of similar international bodies for other products;

Whereas, to monitor the proper conduct of the programmes and the impact of the measures, provision should be made for effective monitoring by the Commission and the Member States, and for evaluation of the results by an independent body,

HAS ADOPTED THIS REGULATION:

#### *Article 1*

1. The Community may fund in whole or in part measures in third countries that promote or provide information on agricultural products.
2. The measures referred to in the preceding paragraph shall not be directed towards particular brand names, nor shall they favour the products of any one Member State.

#### *Article 2*

The measures referred to in Article 1 shall be:

- (a) public relations, promotional or publicity measures, in particular highlighting the advantages of Community products especially in terms of quality, hygiene, food safety, nutrition, labelling, animal welfare considerations or respect for the environment,
- (b) participation at events, fairs or exhibitions of international importance, especially through the provision of European Community exhibition stands,
- (c) information campaigns on the Community system of PDOs/PGIs and TSGs and organic farming,
- (d) information campaigns on the Community system of quality wines psr, table wines and spirit drinks with a geographical indication,
- (e) market studies with a view to expanding market outlets,
- (f) high-level visits by Community representatives,
- (g) studies to evaluate the result of the promotional and information measures.

#### *Article 3*

The following products in particular shall be eligible for the measures referred to in Article 1:

- (a) products intended for direct consumption or processing for which export opportunities or potential new market outlets in third countries exist, especially where export refunds will not be required,
- (b) typical or quality products displaying high added value.

#### *Article 4*

In choosing the third countries in which the measures referred to in Article 1 will be carried out, account shall be taken of the markets of countries where there is significant actual or potential demand.

#### *Article 5*

1. In accordance with the procedure referred to in Article 11, the Commission shall draw up every two years a list of the products and markets referred to in Articles 3 and 4 respectively.

However, this list may be amended in the interim, if necessary.

2. Before the list referred to in paragraph 1 is drawn up, the Commission may consult the Standing Group on the Promotion of Agricultural Products of the Advisory Committee on Agricultural Product Health and Safety.

#### *Article 6*

Where measures are decided for the olive oil and table olive sector, the Community may carry them out through the International Olive Oil Council. In the case of other sectors, the Community may seek the help of international organisations offering similar guarantees.

#### *Article 7*

1. To carry out the measures referred to in Article 2 (a), (b) and (d) and subject to Article 6, the trade or inter-trade bodies representing the sector(s) concerned shall draw up promotion and information programmes lasting no longer than three years.

Once approved by the Member States which, without prejudice to the second subparagraph of Article 9(3), shall undertake to contribute to their funding, the programmes referred to in the preceding subparagraph shall be submitted to the Commission. It shall approve the programmes after it has informed the Management Committees for the sectors in question, and shall give preference to programmes from organisations that cover several Member States.

Before approving the programmes, the Commission may consult the Standing Group on the Promotion of Agricultural Products of the Advisory Committee on Agricultural Product Health and Safety.

2. The Commission shall decide on the measures

(a) referred to in Article 2(c), (e) and (f), or

(b) carried out by an international organisation as referred to in Article 6

after the Management Committee for the sectors in question or, where appropriate, the Regulatory Committees referred to Regulations (EEC) No 2092/91<sup>1</sup>, (EEC) No 2081/92<sup>2</sup> and (EEC) No 2082/92<sup>3</sup> have been informed.

Before taking a decision, the Commission may consult the Standing Group on the Promotion of Agricultural Products referred to in paragraph 1.

#### *Article 8*

1. Subject to Article 6, the Commission shall choose, on the basis of an open or restricted invitation to tender, the body or bodies to manage and implement the measures, and the body to evaluate the results. The body or bodies responsible for implementation shall have specialist knowledge of the products concerned and the targeted markets, and the resources to ensure that the measures are implemented as effectively as possible, taking account of the European dimension of these programmes.
2. A Monitoring Committee, comprising representatives of the Commission, the Member States concerned and the proposer organisations shall supervise the proper conduct of the measures.
3. The Member States concerned shall be responsible for monitoring and making payments in respect of the measures referred to in Article 2(a), (b) and (d).

#### *Article 9*

1. Without prejudice to paragraph 4, the Community shall fund:
  - (a) the measures referred to in Article 2(c), (f) and (g) in their entirety.
  - (b) the other promotional and information measures listed in Article 2 in part.

However, in special cases the Community may fund the measures referred to in Article 2(b) and (e) in full.

---

<sup>1</sup> OJ L 198, 22.7.1991, p. 1.

<sup>2</sup> OJ L 208, 24.7.1992, p. 1.

<sup>3</sup> OJ L 208, 24.7.1992, p. 9.

2. The Community's contribution to the annual measures referred to in paragraph 1(b) shall not exceed 50% of the real cost of the measures. In the case of promotions lasting at least two years, the contribution shall be degressive, falling from 60% to 40% of the real cost of the measures.
3. The Member States shall contribute to the measures referred to in the preceding paragraph by covering 20% of their real costs, the remaining balance to be borne by the proposer organisations.

However, in duly justified cases and on condition that the programme concerned is clearly of Community interest, it may be decided, in accordance with the procedure laid down in Article 11, that the proposer organisation should bear all that part of the funding not supported by the Community.

4. Where Article 6 applies, the Community shall after approving the programme, grant an appropriate contribution to the international organisation in question.

#### *Article 10*

Community expenditure on the measures referred to in Article 1 shall be considered intervention within the meaning of Article 3 of Council Regulation (EEC) No 729/70<sup>4</sup>.

#### *Article 11*

Detailed rules for applying this Regulation shall be adopted in accordance with the procedure laid down in:

- (a) Article 38 of Council Regulation No 136/66/CEE on the establishment of a common organisation of the market in oils and fats<sup>5</sup> or, as appropriate,
- (b) the corresponding article in the other regulations on the common organisation of the agricultural markets.

#### *Article 12*

Every two years the Commission shall present to the Council and to Parliament a report on the application of this Regulation. The first report shall be presented after the second year in which the measures provided for in this Regulation are applied.

---

<sup>4</sup> OJ L 94, 28.4.1970, p. 13.

<sup>5</sup> OJ 172, 30.9.1966, p. 3025/66.

*Article 13*

1. In Article 11(1) of Regulation No 136/66/EEC, the words “or third countries” are deleted.
2. The words “and elsewhere” in the first indent of Article 2(2) of Regulation (EEC) No 1308/70<sup>6</sup> are deleted.
3. The words “and abroad” in Article 2(1) of Regulation (EC) No 2275/96<sup>7</sup> are deleted.

*Article 14*

This Regulation shall enter into force on 1 May 1999.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Council  
The President*

<sup>6</sup> OJ L 146, 4.7.1970, p. 1.

<sup>7</sup> OJ L 308, 29.11.1996, p. 7.

# FINANCIAL STATEMENT

1. BUDGET HEADING: BI-38 APPROPRIATIONS: ECU 95 million

2. TITLE:  
Proposal for a Council Regulation on measures to promote and provide information on agricultural products in third countries.

3. LEGAL BASIS: Article 43 of the Treaty and Council Regulation No 136/66/CEE

4. AIMS:  
To develop a global and consistent policy for providing information on and promoting certain agricultural products by means of promotional measures in third countries.

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS (EUR million)	CURRENT FINANCIAL YEAR (1998) (EUR million)	FOLLOWING FINANCIAL YEAR (1999) (EUR million)
5.0 EXPENDITURE - CHARGED TO THE EC BUDGET (INTERVENTION)	15	-	6 (of which: IOOC: 6 Other: p.m.)
5.1			
	2000 (EUR million)	2001 (EUR million)	2002 (EUR million)
5.0.1 ESTIMATED EXPENDITURE	15	15	15
5.1.1			

5.2 METHOD OF CALCULATION:

6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET? YES

6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?

6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY?

6.3 WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY? YES

OBSERVATIONS:

The overall amount includes a yearly contribution of about EUR 6 million to the International Olive Oil Council. For 1999 this expenditure is based on Article 1(5) of Council Regulation (EC) No 1638/98 of 20 July 1998.

ISSN 0254-1475

COM(98) 683 final

# DOCUMENTS

EN

03 16 11 10

---

Catalogue number : CB-CO-98-693-EN-C

Office for Official Publications of the European Communities

L-2985 Luxembourg

13