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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

**Interim Report in accordance with Article 26(1) of Regulation (EU) No 1144/2014 of the
European Parliament and of the Council 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**

{SWD(2018) 482 final}

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1. INTRODUCTION

This report concerns the implementation of the information provision and promotion measures concerning agricultural products under Regulation (EU) No 1144/2014¹ (hereinafter 'the Regulation').

Article 2(1) of the Regulation states that “The general objective of the information provision and promotion measures is to enhance the competitiveness of the Union agricultural sector”. Article 2(2) of the Regulation states that “The specific objectives of the information provision and promotion measures are to:

- a) increase awareness of the merits of Union agricultural products and of the high standards applicable to the production methods in the Union;
- b) increase the competitiveness and consumption of Union agricultural products and certain food products and to raise their profile both inside and outside the Union;
- c) increase the awareness and recognition of Union quality schemes;
- d) increase the market share of Union agricultural products and certain food products, specifically focusing on those markets in third countries that have the highest growth potential;
- e) restore normal market conditions in the event of serious market disturbance, loss of consumer confidence or other specific problems.”

Information provision and promotion measures take the form of:

- a) information and promotion programmes (hereinafter ‘programmes’), and
- b) measures on the initiative of the Commission including developing technical support services to the sector.

According to Article 26(1) of the Regulation, an interim report on the application of the Regulation shall be presented to the European Parliament and the Council by 31 December 2018. The report should include the rate of uptake in different Member States, together with any appropriate proposals.

¹ Regulation (EU) No 1144/2014 of the European Parliament and of the Council 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 (OJ L 317, 4.11.2014, p.56)

2. POLICY REFORM

The general aid scheme for promotion of agri-food products under Regulation (EC) No 3/2008² was reformed with the adoption of the Regulation (EU) No 1144/2014 which has been applicable from 1 December 2015.

The EU helps the agro-food sector to finance information and promotion campaigns. By explaining to consumers and importers the high standards and the quality of EU agri-food products, EU promotion programmes can support European producers in an increasingly competitive world. With the generic message 'Enjoy, it's from Europe', the policy aims to encourage opening up of new markets, to diversify trading partners and to raise consumer awareness of the efforts made by European farmers.

The main aspects of the reform were the following:

- The new promotion policy benefits from a more substantial budget *i.e.* from EUR 60 million in 2015 to EUR 200 million as of 2019.
- The Union co-financing rates have been increased to 70 % for the simple programmes in the internal market, 80 % for the multi programmes and simple/multi programmes targeting third countries and 85% for programmes to restore normal market conditions in the event of serious market disturbance, loss of consumer confidence or other specific problems. There is also a 5 percentage point top-up for beneficiaries from Member States under financial assistance.
- The new policy is based on a genuine strategy established at EU level, with the adoption of a yearly work programme. It defines strategic priorities and their corresponding budgets for the promotion policy in terms of populations, products, schemes or markets to be targeted and the nature of the information and promotion messages to be disseminated.³ Additionally, it provides for specific temporary arrangements in response to a serious market disturbance or loss of consumer confidence. It also defines the criteria for the evaluation of the proposals. The annual work programme is implemented through the publication of calls for proposals.
- The scope of eligible beneficiaries as well as of products has been enlarged. In order to allow a better return on investment, restricted mentioning of origin and displays of trade marks is now allowed, without jeopardising the generic nature of the promotion programmes.
- The promotion programmes should demonstrate a European dimension, in terms of impact and content, with a main Union message, thereby complementing the actions implemented by Member States and the private sector.
- Follow-up output, result and impact indicators have been defined to better evaluate the efficiency of the promotion measures.
- Another important aspect of the reform is the simplification of the procedures:

² Council Regulation (EC) No 3/2008 of 17 December 2007 on information provision and promotion measures for agricultural products on the internal market and in third countries (OJ L 3, 5.1.2008, p. 1).

³ The establishment of strategic priorities for the promotion policy was a recommendation of the European Court of Auditors, in order to avoid a dispersion of resources and to increase Europe's visibility through these information provision and promotion measures.

- some implementation tasks have been transferred from the Commission to the Consumers, Health, Agriculture and Food Executive Agency (hereafter 'CHAFEA')⁴, for cost efficiency reasons;
- the administrative procedures have been simplified, by abolishing the two-step selection procedure, which in the past also included pre-selection by the Member States;
- the procedures have also been streamlined and professionalised. In response to the calls, programme proposals are submitted electronically and evaluated by CHAFEA with the contribution of external expert evaluators, specialized in food and marketing;
- the Commission's selection of the proposals is based on the evaluation carried out by external evaluators and strictly follows the ranking of the proposals established by the evaluators;
- the multi programmes are managed by CHAFEA to facilitate their management, while simple programmes continue to be managed by the competent national authorities under shared management. The Agency's mandate has also been extended with the coordination of measures on the initiative of the Commission, such as communication campaigns, participation in trade fairs, high-level missions.

3. IMPLEMENTATION OF THE INFORMATION PROVISION AND PROMOTION MEASURES

3.1 The annual work programme

The annual work programme is an implementing decision⁵, where the Commission is assisted by the Committee for the Common Organisation of the Agricultural Markets.

The annual work programme has proved to be an efficient tool in achieving a dynamic and targeted promotion policy; it is aligned each year with the evolving needs and opportunities of the sector, identifying priorities with a dedicated indicative budget amount.

The Commission services have set up an open and consultative process in order to define the strategic priorities in terms of geographical markets, messages to be conveyed and sectors to be promoted. Market priorities are based on the objectives of the Regulation, which is to increase the number of activities aimed at third countries where there is the highest potential of growth. In the internal market, the main objective is to inform consumers about the high standards of EU products and the EU quality schemes and the associated symbols, namely organic production, protected geographical indications (PGI), protected designation of origins (PDO), traditional speciality guaranteed (TSG), 'mountain product' and the logo for

⁴ 2014/927/EU: Commission Implementing Decision of 17 December 2014 amending Implementing Decision 2013/770/EU in order to transform the 'Consumers, Health and Food Executive Agency' into the 'Consumers, Health, Agriculture and Food Executive Agency' (OJ L 363, 18.12.2014, p. 183)

⁵ https://ec.europa.eu/info/promotion-eu-farm-products_en#annualworkprogramme

Outermost regions' products (ORs). For third countries, the Commission services conduct a macro-economic analysis on projected increase in imports, as well as a policy evaluation on Free Trade Agreements (FTAs) and expected removal of sanitary and phyto-sanitary barriers. Indeed, promotion programmes can help lay the groundwork for potential exports to third country markets already in advance of conclusion or entry into force of an FTA. The Commission services also systematically consult in writing the Member States through the Committee for the Common Organisation of Agricultural Markets on promotion. They also systematically consult the stakeholders through the Civil Dialogue Groups and receive many contributions from the agri-food sector and the socio-professional sector.⁶

In addition, the policy has proved to be responsive in allocating dedicated *ad hoc* envelopes to sectors facing difficulties, such as dairy and pig meat in 2016 and 2017 or sheep/goat meat in 2017. The promotion programmes proved to be a useful tool in supporting farmers and the agri-food sector in their endeavours to conquer new markets, gain market share and increase exports with the objective, in the mid-term, to restore the market situation.

Lastly, thanks to the annual work programmes, the promotion aid scheme has also contributed to other wider policy objectives. Notably, it reserved a dedicated budget to co-finance programmes on sustainable agriculture, thus supporting the Commission's efforts towards contributing to the 2030 Sustainable Development Goals and the Paris Climate Agreement. It also reserved dedicated envelopes to co-finance programmes to encourage healthy eating and dietary practices, in line with the Commission's strategy on nutrition, overweight, obesity and other related health issues.

3.2 The promotion programmes

3.2.1 Introduction

A promotion programme is a coherent set of operations aiming to inform on, or to promote a product/sector/scheme. It is implemented over a period of at least one but not more than three years. It can include, for instance, advertising campaigns in the press, on television, on radio or on the Internet; point-of-sale promotions; public relations campaigns; participation in exhibitions and fairs, and a range of other activities. It can be a B2B (business to business) campaign or B2C (business to consumer) campaign.

There are two types of promotion programmes. A simple programme is a promotion programme submitted by one or more proposing organisations from the same Member State. A multi programme is a programme submitted by at least two proposing organisations from at least two Member States or one or more EU level organisations.

3.2.2 Statistics on the calls for proposals

The Commission Staff Working Document accompanying this report gives more detailed information on the grants awarded during the reporting period, including in particular the

⁶ For instance Copa Cogeca, Europatat, Interbev, Arelfh, Epha, FoodDrinkEurpe, Freshfel, Interfel, Cdl, Ceev, Clitravi Via Campesina, Flowers Auctions, Slow food, AVEC.

number of successful applications per Member State. CHAFEA's website also contains detailed statistics on the calls.⁷

In **2016** – the first year of the implementation of the reformed promotion policy – CHAFEA received 226 proposals (199 for simple and 27 for multi programmes) following the publication of the calls for proposals.⁸

The highest number of proposals under the call for proposals for simple programmes were submitted by organisations from Italy and Greece. No proposals were received from Luxemburg, Malta and Sweden.

After the reallocation of unused budget in line with the annual work programme and reallocation of the budget allocated for serious market disturbance, in accordance with the rules announced in the annual work programme, a total of 60 simple programmes were selected.

Proposals from 16 Member States were approved. The largest number of beneficiaries were from Italy (10), followed by 8 beneficiaries from France and 8 from Greece. No proposals were accepted from applicants in 9 Member States (Bulgaria, Cyprus, Czech Republic, Estonia, Finland, Hungary, Romania, Slovakia and United Kingdom). 25% of the budget was allocated to selected programmes from Italy, 17.4% for the Greek programmes and 9.6% for the French programmes.

14 programmes promoted 'Fruit and vegetables' absorbing 30.1 % of the budget, while mixed products (13 programmes) received almost a quarter of the available budget. Meat and meat preparations (12 programmes) account for 17.1% of the budget, followed by dairy products: 7 proposals with 14.8% of the budget. Multi programme proposed by the United Kingdom and Denmark promoting organic production took half of the available budget.

Following the publication of the **2017** calls for proposals⁹, 189 proposals for simple and 35 proposals for multi programmes were submitted.

The highest number of proposals for simple programmes was submitted by organisations from Italy, Greece and France. No proposals were received from Estonia, Finland, Luxemburg, Malta and Slovakia.

The meat and dairy sectors were strongly represented due to the specific topics in the annual work programme (42.1% of the total requested funding); 'mixed products' proposals were also numerous due to the required basket approach for wine (around 20% of the requested funding).

⁷ <https://ec.europa.eu/chafea/agri/content/previous-programmes>

⁸ 2016 Call for proposals — Simple programmes — Information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries in accordance with Regulation (EU) No 1144/2014 (OJ C 41, 4.2.2016, p. 4–19) and 2016 Call for proposals — Multi programmes — Grants to Information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries in accordance with Regulation (EU) No 1144/2014 (OJ C 41, 4.2.2016, p. 20–32).

⁹ 2017 Call for proposals — Simple and Multi programmes — Grants to information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries in accordance with Regulation (EU) No 1144/2014 of the European Parliament and of the Council (OJ C 9, 12.1.2017, p. 7–22 and OJ C 9, 12.1.2017, p. 23–37).

After the reallocation of the budget for actions in case of serious market disturbance and the reallocation of unused budget in line with the annual work programme, 53¹⁰ simple programmes and 10¹¹ multi programmes were selected.

Organisations from France received 17 grants (from 23 applications submitted) out of the 53 proposals awarded for simple programmes, in total corresponding to 36% of the budget. 10 grants (16 applications) representing 29% of the budget were awarded to beneficiaries from Spain. While applicants from Italy and Greece submitted the highest number of proposals (36 and 30 respectively), they received 4 grants each. Beneficiaries from France were the coordinators of half of the selected multi programmes.

The highest share of the budget for the simple programmes (23.1%) was allocated to 10 programmes which promote the 'basket of products' approach. It was followed closely by dairy products with 9 programmes and 22.1% of the budget. 3 programmes targeted olive oil and received 16.5% of the budget, 13.1% was allocated to the promotion of fruit and vegetables (8 programmes). Almost 19% of the budget was allocated for promotion of fruit and vegetables by multi programmes, while multi programme promoting sheep and goat meat received 18% of the budget.

For the **2018** promotion programmes, the grant agreements were not yet signed at the time of drafting of this report. Therefore, only the submission statistics and the selection results are hereby presented.

CHAFEA received 182 proposals (146 for simple, 36 for multi) following the publication of the calls.¹²

The highest number of proposals for simple programmes was submitted by organisations from Italy, France and Greece. No applications were received from Austria, Estonia, Slovakia, Malta, Sweden, Luxemburg, Croatia and Hungary.

Proposals to promote fruit and vegetables requested 27% of the available budget, meat and meat products 17% and dairy products 14%, in total they amount to 58% the EU contribution. 'Mixed products' proposals were also numerous due to the required basket approach for wine (28% of the budget).

After the reallocation of the budget for actions in case of serious market disturbance and the reallocation of unused budget in lien with the annual work programme, 58 proposals for simple programmes were approved.

Pending signature of the grant agreements, it is envisaged that Italian organisations would receive 18 grants out of 58 grants in total (and out of 31 proposals submitted by Italian organisations) corresponding to 35% of the budget. Applicants from France would receive 11 grants (20 applications) with almost 14% of the budget. Third in terms of the number of selected programmes and share of EU contribution would be applicants from Greece, with

¹⁰ Grant agreement for one approved programme has not been signed thus allowing to grant the first two programme proposals from the reserve list in Annex II to Commission Implementing Decision C(2017) 6934.

¹¹ Allocation of addition budget allowed funding an additional proposal from the reserve list.

¹² OJ C 9, 12.1.2018, p. 15–31 and p. 32–49.

applicants from Spain in fourth place. Applicants from Germany, Finland, Latvia and Slovenia did not get any grant approval.

It is envisaged the fruit and vegetables sector with 17 applications is to receive 31,2% of the budget, meat and meat preparation 22,7% (12 grants), cheese and dairy products 19.5% (13 grants) and basket of products 19.2% of the available budget (10 grants). The four sectors account for the majority of the programmes evaluated to receive a grant and account for the lion's share of the available budget.

It is envisaged 21 proposals for multi programmes are to be awarded a grant, 15 of them targeting the internal market. Beneficiaries from France and Italy are the coordinators of four programmes each; organisations from Belgium and Greece will each be coordinators for 3 of the selected multi programmes.

It is envisaged that wine, cider and vinegar programmes will account for 26% of the budget, cheese and dairy products 21% while basket of products and fruit and vegetables will each receive 18% of the available budget.

3.2.3 Overview of the calls for proposals

The high number of proposals received after the publications of the calls for proposals in 2016, 2017 and 2018 indicates a genuine interest in the scheme. In addition, participants have massively welcomed the simplification of the submission procedure and the tools available to help applicants to submit a proposal.

The proposals are evaluated by 3 independent experts against the different criteria in the calls. All eligible proposals are ranked according to the total number of points awarded. The highest ranked proposal or proposals are to be awarded co-financing, depending on budget availability. The Agency does not deviate from the panel ranked lists nor has the Commission done so in the case of the selection of simple programmes. Neither the annual work programmes nor the calls for proposals include the distribution of the budget between the Member States among the award criteria.

The selection of the proposals depends on the quality of the proposals *i.e.* how well the criteria in the calls have been addressed. Another important factor that influences the success of proposals is also the level of competition in the topic within which they were submitted.

Statistics on the type of participants show that not only the well-known inter-trade organisations are participating, but also a high number of producer organisations or associations of producer organisations, groups of producers and processors active in geographical indications, etc.

The first promotion materials received from implemented programmes indicate that campaigns have a genuine main Union message, thereby increasing EU visibility. Messages provide information on European production standards, the quality and safety of European products, the EU quality schemes, thereby showing an added value for a EU promotion policy.

The details on selected programmes (names of beneficiaries, budget, product sector, targeted countries, messages, statistics) can be found on CHAFEA's website.¹³ It also showcases examples¹⁴ of campaigns, with visuals, pictures of the implemented actions, first results, etc.

3.3 Measures on the initiative of the Commission

The measures on the initiative of the Commission include high-level missions, participation in trade fairs and exhibitions of international importance by means of stands, or operations aimed at enhancing the image of Union products, including communication campaigns. They also include the development of technical support services.

3.3.1 High level missions

High-level missions aim to facilitate market access for European agri-food products. Such missions typically include high-level political meetings involving members of the Commission and an intensive business related programme for leading representatives of EU exporters and the agro-food sector. The political agenda generally includes discussions on trade agreements, trade and market access issues, sanitary and phytosanitary (hereinafter 'SPS') and technical barriers to trade (hereinafter 'TBT') issues, discussions on organic production, geographical indications, etc. Business activities most often concentrate on improving market intelligence through targeted seminars and workshops, retail visits and site visits, which are typically complemented by B2B meetings or business fora.

Participants in these missions are selected via calls for applications, on the basis of several criteria, particularly geographical and sectoral balance, balance between SMEs and bigger companies; national and European umbrella organisations.

Since the entry into force of the Regulation, the Commission implemented the following promotion actions on its own initiative:

- High Level Mission to Colombia and Mexico (42 business representatives from 14 Member States), 7-12 February 2016;
- High Level Mission to China and Japan (45 business delegates from 15 Member States), 16-22 April 2016;
- High Level Mission to Vietnam (42 participants), Singapore (36 participants) and Indonesia (38 participants), 2-9 November 2016;
- High Level Mission to Canada (60 participants), 30 April – 3 May 2017;
- High Level Mission to Iran (42 participants) and Saudi Arabia (44 participants), 7-13 November 2017;
- High Level Mission to China (65 business delegates), 14-19 May 2018.

After each mission, the Commission services conducted a survey among participants to assess the results and impact. The average satisfaction rate among business delegates is generally above 90%. A majority of the business delegates confirmed that contacts established during

¹³ <https://ec.europa.eu/CHAFEA/agri/campaigns/map-and-statistics-target-countries>

¹⁴ <https://ec.europa.eu/CHAFEA/agri/content/info-day-calls-proposals-2018>

the mission facilitated their business and that they contributed to the advancement of their business goals.

3.3.2 EU pavilions at major international agriculture food, beverage and hospitality fairs

The Commission organises EU pavilions at selected major international agriculture, food, beverage and hospitality fairs in order to showcase the excellence of European agri-food products.

- EU Pavilion at SIAL Canada in Toronto, 2-4 May 2017;
- EU Pavilion at SIAL Middle East, 12-14 December 2017;
- EU Pavilion at SIAL China, 16-18 May 2018.

3.3.3 SPS Information seminars

SPS information seminars typically take place with target groups of government officials, major importers, retailers and distributors as well as specialised journalists mainly in third countries. These events are designed as part of the promotion policy to explain and disseminate information on EU SPS food safety standards, with a view to boosting agri-food exports. These SPS promotion-related seminars may be accompanied by product displays and culinary demonstrations to showcase the EU's high production standards as well as its rich culinary heritage. So far, the Commission organised a seminar in Korea on 20-21 March 2018.

3.3.4 Communication campaigns

Communication campaigns primarily aim to follow up on different promotion activities already undertaken in a given target country (most notably high-level missions) or to engage with target audiences in countries yet to receive an EU-led business delegation. They are designed to promote EU agri-food.

3.3.5 The technical support services

Technical support consists of providing relevant information on the dedicated portal and organising events and other communication activities.

A portal has been created with a view of helping potential applicants understand the promotion policy and different aspects of proposal submission. It also provides best practice examples, as well as information related to all co-funded programmes since 2014. In addition, the portal contains a platform helping potential applicants seeking partners for multi-applicant proposals. As a second objective, the portal encourages the awareness of different markets by providing tailor-made market intelligence reports and other relevant information covering key target countries listed in the annual work programmes, such as information on market access, SPS regulations, protection of intellectual property rights (IPR) etc.

There are currently over 1,200 EU agri-food stakeholders who are registered users of the portal, the majority (close to 1000) also opt to receive monthly newsletters. The portal enjoys

a relatively steady number of visits (between 2.000 and 4000), which increases up to 8000 during the calls for proposals' submission period. There are currently eight Market Entry Handbooks available on the portal, covering Canada, Vietnam, Indonesia, Iran, China, Saudi Arabia, Japan and Singapore which are downloaded between 40 and 200 times a year.

Six webinars are currently available on the portal, covering topics related to submission or agri-food exports. On average, around 60 participants take part in the webinars and they are subsequently viewed 50-100 times per month.

During the call submission period, from January to April each year, CHAFEA's helpdesk replies to email questions concerning the call conditions. In 2018, CHAFEA received 200 emails with 272 questions. The average time for sending out a reply is 1,8 working days. Frequently asked questions are also available on the portal, featuring weekly updates during the proposals' submission period.

Each year evaluation questionnaires were sent out to the applicants following the closure of the call in order to seek advice on potential areas for improvement. In 2018, 22% of the applicants provided feedback. 79% of respondents were satisfied with the electronic submission, 76% considered that the evaluation criteria were clearly explained. The vast majority (86%) of the calls documents provided were considered useful or very useful.

CHAFEA actively contributed to the communication on the promotion policy by organising an Info Day each year in Brussels¹⁵ (176 participants in 2016, 230 in 2017, 230 in 2018). More than 30 Info days were also organised in different Member States, each of them attended by 15-70 participants.¹⁶

4. CONCLUSION

In the light of the statistics on applications concerning promotion programmes, the participation in High Level Missions since 2016, and feedback from evaluation questionnaires, there is a high interest in the reformed promotion policy.

In addition, the evaluation procedures for promotion programmes have proved to be efficient, as far as submission, evaluation and implementation of the measures are concerned. Moreover, many stakeholders have expressed overall satisfaction with the reformed policy.

Since the reformed promotion policy can be evaluated only as from 2016, it is considered premature at this stage to propose amendments. In the context of the report required under Article 26(2) of the Regulation, for which an external evaluation study is being launched¹⁷ it will be considered in due time whether this report will be accompanied by any appropriate proposals.

¹⁵ <https://ec.europa.eu/CHAFEA/agri/newsroom-and-events/events>

¹⁶ <https://ec.europa.eu/CHAFEA/agri/newsroom-and-events/events/info-days-member-states-calls-proposals-2018>

¹⁷ https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2018-2665311_en