March 2015

Final Strategic Agenda of the Civil Society Dialogue on Horticulture, Olives and Spirits

The Civil Society dialogue on Horticulture, Olives and Spirits includes 4 sectors: fruit and vegetables, flowers and ornamental plants, olives and derived products and spirit drinks. Those sectors play an important role in the European agriculture economic and employment and largely contribute to the jobs and growth objectives of the Commission.

> **Fruit and vegetables:** Fruit and vegetables is a key sector with a weight of 18 % of EU agricultural production. Fruit and vegetables supply chain has an estimated turn-over of EUR 120 billion and employs 550 000 jobs. EU production decreased in the past years, as well as imports and importantly the consumption declined by almost the equivalent of one piece of fruit or vegetables per capita and per day. In fact, in the period 2003-2010 the area used and the number of farms to produce fruits and vegetables decreased by 6% and 39.1%, respectively. Exports however grew significantly but this trend is now challenged with the Russian embargoes while alternative markets are being considered.
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> **Flowers and ornamental plants:** In 2012, the sector had an estimated turn-over of EUR 21[1] billion in production, EUR 28 billion in wholesale trade and EUR 38 billion in retail trade and employs approximately 650 000 persons in an area estimated at 210 thousand hectares. The sector has a positive trade balance since 2012 and is operating without any market support from the CAP excepted promotion.
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> **Olive oil and derived products:** the EU is the leading global producer of olive oil and table olives, representing around 70% of world production of olive oil. The average olive oil production in the EU in recent years has been 2 million tonnes, with the main producing country being Spain (59%) followed by Italy (22%), Greece (15%) and Portugal (3%) and France. Olives groves account for close to 5 million hectares in the EU and in 2014, the sector had an estimated production value of €4.7 billion. The EU is also the world's biggest consumer of olive oil, around 70%.
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> **Spirit drinks:** Europe's spirit drinks industry is the largest in the world. In 2011, the European spirit drinks producers together produced 37.5 million hectolitres of spirit drinks valued at over €23 billion, approximately two-thirds of which is exported (both intra-EU 27 and extra-EU 27). Spirits exports have grown by more than 70% over the past decade and spirit drinks remain the EU's most valuable agri-food export. In 2013, spirits export were valued at over €10 billion. Each job in the spirit drinks sector generates two indirect jobs in the supplying sectors. Some 118,000 jobs in these supplying sectors can therefore be attributed to the production and sales of spirit drinks

However, representatives of those sectors do not know each other and they do not have any links and economic relationship between them. For efficiency and coherence of the work of the Civil Dialogue group, it is therefore important to hold separate sector meetings for this civil dialogue group and at least keep the following frequency on a full day basis: fruit and vegetables (2), olive oil and derived products (2), and spirits drinks (1), while the flowers and ornamental plants would like to have their meetings splitted over two half day meeting (1) if necessary, in particular in case of monitoring crisis.

Under the Civil Dialogue Group on horticulture, olives and spirits, several experts group should also be kept on the yearly frequency indicated in brackets including the experts groups on apples and pears (1), citrus (2), tomatoes (2), peaches and nectarines (1) while the Commission is asked to reconsider its position in regard to the potatoes expert group. Besides, the annual special group with public and private stakeholders for the fruit and vegetables school scheme should also be maintained

Fruit and vegetables priorities for the Civil Dialogue Group on Horticulture Olives and Spirits

1. CAP and CMO: practical implementation of the CAP post 2013 and the reform of the fruit and vegetables regime including among other the Newcastle process and the prevention and management of crisis measures, the compatibility of action with competition requirements and the functioning of the fruit school scheme
2. Measures to stimulate demand including the Fruit and Vegetables School Scheme and the promotion policy as well as the nutrition and health policy
3. Food safety and plant health: several DG SANTE issues should continue to be followed such as the revision of the plant health regime (COM/2013/0267 final to repeal Directive 2000/29) and the import policy to secure compliance with the EU plant health requirements, the plant protection product policy (Regulation EC N° 1107/2009) including matters relating to criteria for registration of actives substances (and the availabilities of plant protection products) and minor use, the aspects relating to MRL (Regulation 396/2005) as well as issues relating to contaminants and fertilizers risk communication,
4. Nutrient management in horticulture linked with the nitrates directive and requirements regarding nitrates content in foodstuffs
5. Sustainable production and consumption: Commission initiative for the good functioning of the supply chain or other matters relating to sustainability such as social issues, food waste, impact of climate change, energy or transport issues. The Committee could be a unique point for exchanging views among experts and the Commission services on market developments and serve as a market observatory to allow reinforce mutual understanding among the various stakeholders as well as allow the EU institutions to take informed decision based on market developments
6. Trade policy: External trade issues specific to fruit and vegetables should be kept on the agenda, namely the bilateral trade agreements, the aspects relating to the lack of reciprocity, the implication of the Russian embargoes as well as other aspects relating to anti-dumping
7. Innovation and new technologies: This matter will have a growing importance under the Horizon 2020 and the EIP for agriculture sustainability and productivity.
8. Market Observatory: Currently there is no EU observatory focusing on market analysis on fruits and vegetables similar to the forecast group for apples/pears, tomatoes, citrus fruits and peaches/nectarines. It would certainly improve the quality of analysis and market forecasts in order to anticipate crises.

Olive oil and derived products priorities for the Civil Dialogue Group on Horticulture, Olives and Spirits

1. Implementation of the new CAP: The next months will lead to the practical implementation of the CAP post 2013. Monitoring in particular the implementation of the collective negotiations, the rules relating to producers organisations, the private storage mechanism and the prevention and management of crisis measures should be discussed by the sector at the CDG.
2. Market and food chain issues: the sector needs to follow the developments of European and World production and of prices and trends in imports and exports as well as the future trends of supply and demand within the EU and world-wide (evaluation and analysis). In addition, there is need to analyse the production costs, food prices and food chain monitoring, as well as follow up of the work of the High level Group on the Competitiveness of the Agro-Food Industry,
3. Commission action plan: the action plan and its implementation presents a real opportunity for the olive oil sector in view of the numerous challenges the sector is facing issues/ policies such as the structure of the industry, the promotion towards consumers and the nutrition and health claims dossier. More specifically, the following should be on the agenda of the CDG:
    a. Structuring of the industry in view of balancing the food chain with the action plan addressing several actions, such as the creation and strengthening of producer organisations. The single CMO provides also tools on this matter such as articles 164, 169, 222. All the tools from the current legislation that are relevant for the sector should also be addressed.
    b. Enhancing promotion: while the general aspects of the reform are discussed with the CDG on promotion, this CDG should address specific matter to exchange best practices and build on new opportunities of promotion for the sector that should be seized while other initiatives should also be monitored (creation of specific olive oil and table olive promotion programmes in schools, aimed at the youngest consumers, should be foreseen, in order to encourage healthy diets),....
    c. Monitoring the implementation of the regulation on health and nutritional claims: make new findings on the health benefits of olive oil and table olives available, which would help communication with consumers.

4. Quality aspects should be addressed by including among others the following aspects :
    a. Improvement of the legislation on olive oil quality: even though producers and cooperatives have made a great deal of effort to improve the quality of olive oil, there is a need to capitalise on producers' efforts and make sure that consumers know what they are getting. Quality standards from COI, Codex Alimentarius and ISO should be discussed with a view of harmonizing them towards the level that best protect consumers
    b. Promotion of the quality of olive oil: in order to offer consumers the best possible guarantees regarding the quality of the products they consume and avoiding abusive practices relating to product quality and authenticity. In particular this should be done in cooperation with the Horeca sector.
5. International Olives Council (IOC):p Exchange of view should take place on resent and future activities of the IOC and the CDG experts should be at the CDG informed in the work and activities carried out by the IOC for securing a better involvement. In particular, it should be ensured that the IOC play a pivotal role in the global standardisation of marketing standards and controls in order to guarantee the quality and purity of the various categories of olive oil and table olives and regulate information provided to consumers. The IOC should also lead all research into olive oil control methods, setting parameters and the consistent application of analytical and organoleptic methods around the world. It must also be able to act as an adjudicator on any proposal for new quality standards from countries which are not members of the IOC.
6. Sustainability: The position of the olives within the issue of climate change (and related matters such as water) , possible discussion on guidelines sustainable production practices

and the contribution of the olive tree to biodiversity should be discussed as appropriate in the CDG.

7. Research and Innovation: The EU should promote research in the sector, particularly with regard to quality research in the field of olive oil, maintaining and improving productivity, the positive impact of olive oil consumption as well as the nutritional and health benefits of olive oil and table olives and other measures that benefit the environment and in view of having adequate plant protection products.
8. International trade: Other specific international issues that those covers by the CDG on International Trade should be discussed by this group. This could include in particular the follow up of possible unfair competition occurring in particular as a result of countries which are not members of the IOC (in particular in case of adoption of new quality parameters outside the framework of this institution) and follow up of US marketing order and MERCOSUR negotiations as well as negotiations with other countries that would have an very specific impact on the olive oil sector. The customs nomenclature for olive oil should also be analysed with the perspective of improving market data

Flowers and Ornamental plants priorities for the Civil Dialogue Group on Horticulture, Olives and Spirits

1. Market trends and developments: EU horticultural statistics & market situation must be easy to understand and regularly updated in order to present better sectorial information. EU-wide quality and statistical information is vital in order to analyze potential market trends and to support producers when preparing their future harvests and allow a good functioning of the market. In addition it is important to analyze the impact of trade flows. The global market is extremely competitive and market access as well as trade-related issues (e.g. phytosanitary and technical measures) are of high importance to the sector. Export opportunities outside of the EU are limited due to logistical constraints and high perishability but also of phytosanitary (e.g. US) and technical barriers.

2. Promotion policy: while the general aspects of the reform are discussed with the CDG on promotion, this CDG should address specific matter of promotion relating to the characteristics of the floricultural sector. It could also be the place to exchange about innovative promotion strategies and best practice on how to position floriculture products due to changing consumer's behavior.

3. Plant health: The revision of Directive 2000/29 on the EU plant health regime, including the plant passport and phytosanitary controls at the EU borders are issues of major interests for the sector. Flowers and ornamentals are not food products. This is why specifications and exemptions for the sector in the current proposals should be discussed within the CDG and taken into account. The sector needs to be involved and consulted in this legislative process (primary legislation as well as when it comes to technical questions that are dealt with in delegated and implementing acts. While uniform, proportionate and risk-targeted controls, as well as an effective monitoring of phytosanitary issues, should be enforced to avoid the spread of diseases and pests on the EU territory, the EU Plant Health Regime should also strike the right balance between the need to protect the EU territory against the risks of plant pests and the need to minimize potential distortive effects on the trade.

4. Seeds and plant reproductive material: CDG to advise the Commission on the new regulation on the production and placing on the market of seeds and plant reproductive material (COM(2013)262 final) that apply to flowers and ornamental plant reproductive material.

5. Crop protection: Some flowers and ornamental plants are minor crops that need tailor made plant protection products, their production in the EU can be put at risk by lack of plant protection products in particular in a context of decrease of the number of crop protection solutions for specialty crops. The CDG shall discuss concrete actions needed from the EU-Fund for Minor Uses and availabilities of plant protection solutions

6. Sustainable production: The CDG is a unique forum to exchange views on matters relating to sustainability in order to allow decision makers to take informed decisions in key supply chain matters such as encouraging investments to improve energy efficiency and develop sustainable models, on energy (e.g. Directive 2003/96/EC - level of taxation on energy destined for the horticultural sector), and/or on transport (EU transport policy, including rules on working hours, weights & dimensions, as well as road charging)

7. Taxation policy: Reduced VAT rates on flowers & ornamental plants have a direct effect on the consumption of flowers & plants in the EU market, given the high price elasticity, therefore the CDG should monitor the effects in the EU market of any VAT developments at national level and other EU aspects on the possibility to apply reduced VAT rates for floricultural products (provisions established under Annex III (1) referring to Article 98 of Directive 2006/112/EC, instead of the current temporary derogation established by Article 122 of the Directive).

8. CAP: the modernization of farm holdings and the installation of young professionals, assurances schemes, amongst other CAP-related issues, are very important for the future of the sector in the EU and should be reviewed as necessary by the CDG.

9. Research and innovation: the floricultural and ornamental plant sector must position itself within Community programmes for research, technological development and innovation. Greenhouse production of horticultural goods should be included in Horizon 2020 calls. The absence of the term “protected cultivations” has resulted in calls that were not open for the horticultural sector.
10. Plant varieties protection and plant breeders’ rights: The European Union should restore the balance for intellectual property rights in plant breeding. Plant breeders need the freedom to use plant material to develop new breeds, as provided for by the breeders’ exemption, and also when plant material has been patented. It is important for plant breeders, and ultimately for the sector as a whole, to be able to carry out any necessary research in order to respond to market opportunities, as they can under the current plant variety rights system, and limited or costly access to patented genetic material be hindered in their development. Plant variety rights included in the UPOV Convention must be preserved.

Spirit Drinks priorities for the Civil Dialogue Group on Horticulture, Olives and Spirits

1. Spirit drinks Regulation (EC) No 110/2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks, harmonises measures regarding European marketing of spirit drinks, helps to protect consumers and also helps to further develop the sector. This legal framework is a key development for the spirit sector and it will need to be monitored closely to provide an adequate legal environment for the production and commercialization of spirit drinks.
2. Quality: The quality scheme for spirit drinks, which is included in the spirit regulation (Regulation (EC) No 110/2008), the GI's rules are specific and adapted to international recognition and success of GIs such as Scotch Whisky, Cognac, Brandy de Jerez, Grappa or Polish Vodka granting high protection set in our quality scheme and need to be preserved. Any hypothetical change of the spirit drinks quality scheme shall be analysed in detail. Direct and indirect implications should be assessed before implementation.
3. Consumer information : The specificity of the spirit sector makes that the rules for the presentation and labelling of our products are a combination of horizontal provisions set in Directive 2000/13 (and from December 2014, Regulation (EU) No 1169/2011) and of vertical provisions set in Regulation (EC) No 110/2008. The balance between horizontal labelling rules and the necessity of adapting them to the very specific and highly regulated spirit sector environment should be maintained so that consumers are not mislead. The CDG would have to monitor and discuss all initiatives in the field of nutrition labelling, ingredients labelling, health warnings and potentially harmonising the definition of a unit of alcohol. Any hypothetical change of the legislation on consumer information impacting spirit drinks shall be analysed in detail. Direct and indirect implications should be assessed before implementation.
4. Market issues: the sector would like to follow the developments of European and World market: production, prices, imports and exports, future trends of supply and demand.
5. Single market: keeping a good functioning of it is a key element for the economic sustainability of the sector. National measures, sometimes hiding a protectionist aim and which may consequently discriminate non-national spirit drinks or more generally spirit drinks, should be analysed and tackled.
6. International trade: Several countries such as Brazil, China, India, Russia, Turkey or Mexico, are developing specific regulation for spirit drinks. These regulations set methods of production, classification and labelling of spirit drinks categories and could impact directly the capacity of European spirit drinks to access these markets. A technical and open dialogue with the European Commission is fundamental to ensure that our exporters are not discriminated in these markets. Moreover the registration and protection of EU GIs in third countries, either through national regulations or bilateral or multilateral agreements with the EU should be enhanced or extended as widely as possible.
7. Sustainability of the spirit sector: National or EU measures and proposal that can affect specifically the economic, environmental or social sustainability of our sector should be analysed in detail before improvement. Topics as the revision of the waste framework, the definition of the Best Environmental Practices, the development of CSR, the harmonisation of the Environmental footprint methodologies and its Product Category Rules, the Emissions, Trading Scheme, the way to reduce alcohol misuse and any related policy initiatives, but also issues as good functioning of the food supply chain or food taxes as well as other action to help reducing alcohol-related harm
8. Control and protection of spirit drinks: The control and protection of spirit drinks is based on detailed and specific method of analysis set in Regulation (EC) No 2870/2000 of 19 December 2000 laying down Community reference methods for the analysis of spirits drinks. This regulation need to be revised and completed regularly so that it reflects the advance of science. International organisations as the World Health Organization (WHO), national governments and stakeholders in general agree that a substantial share of all alcohol consumed globally is derived from non-commercial sources. A clearer overview of the size and characteristics of the illicit trade of alcohol is fundamental to tackle all forms of illicit alcohol.