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Enhancing EU agricultural sector's competitiveness by raising awareness of EU quality schemes and of the specific features of EU agri-food products in the internal market

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Current EU policy framework

- The EU is committed not just to achieve SDGs and the Paris Agreement objectives, but to enhance its action for fighting climate change and fostering sustainability
- The EU policy response must be bold and comprehensive and seek to **maximise benefits for health, quality of life, resilience and competitiveness** → requires intense coordination to exploit synergies across all policy areas
- Within the international policy framework, the EU proposed additional actions
 - The **EU Green Deal (December 2019)** sets the roadmap for the EU overall strategy for increasing sustainability
 - * The Green Deal sets the ambitious goal of **achieving zero net emissions by 2050**

The EU Green Deal: Overview



EU Farm to Fork strategy – F2F

The **F2F** overall **aims at enabling the transition to a sustainable food system** that safeguards food security and ensures access to healthy diets sourced from a healthy planet
→ F2F encompasses **all stages of the food system and puts consumers and producers** in the center

The strategy has 27 concrete actions to transform the EU's food system by 2030, including:

- a reduction by 50% of the use and risk of pesticides
- a reduction by at least 20% of the use of fertilizers – including animal manure
- a reduction by 50% in sales of antimicrobials used for farmed animals and aquaculture
- reaching 25% of agricultural land under organic farming, of which the current level is 8%
- *Having a mandatory harmonized EU Front of Pack nutritional Labelling (FOPL) by 2022 (the strategy does not endorse a certain model)*
- *Having a harmonized sustainability label for food products by 2022*

The competitiveness

COMPETITIVENESS



Ability to sell products that meet demand requirements and, at the same time, ensure profits over time that enable the firm to thrive.

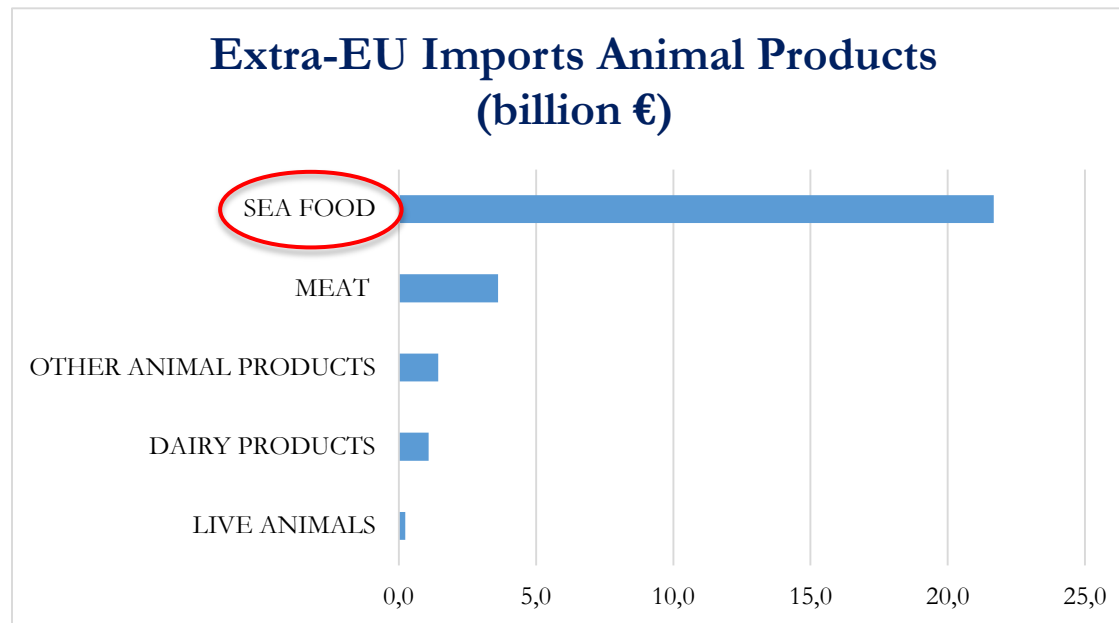
- **Within domestic markets**
- International markets



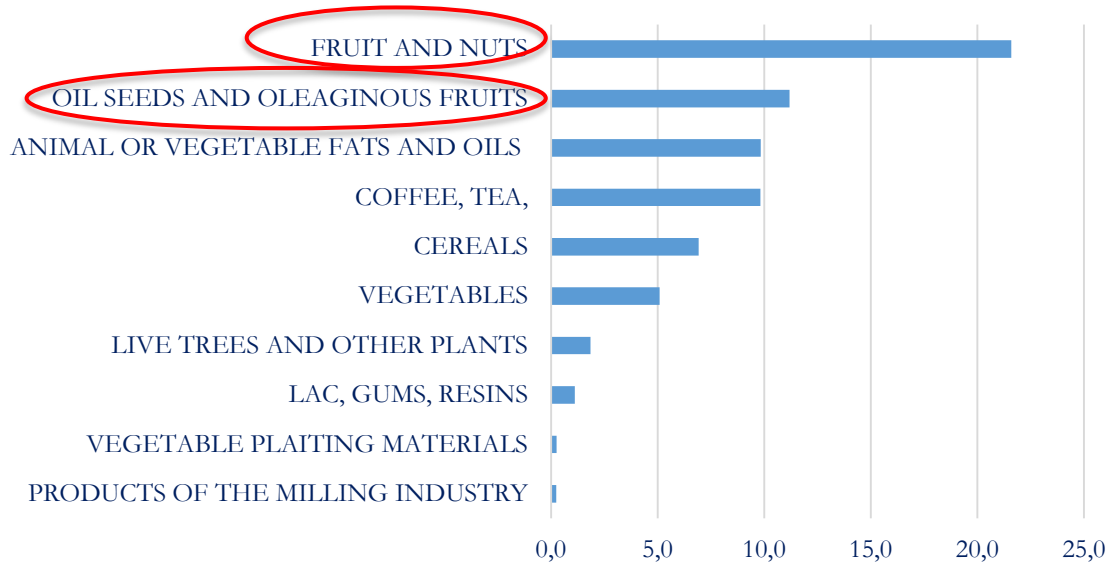
Domestic food products are exposed to foreign competition due to imported products → make domestic products more competitive

The competitiveness

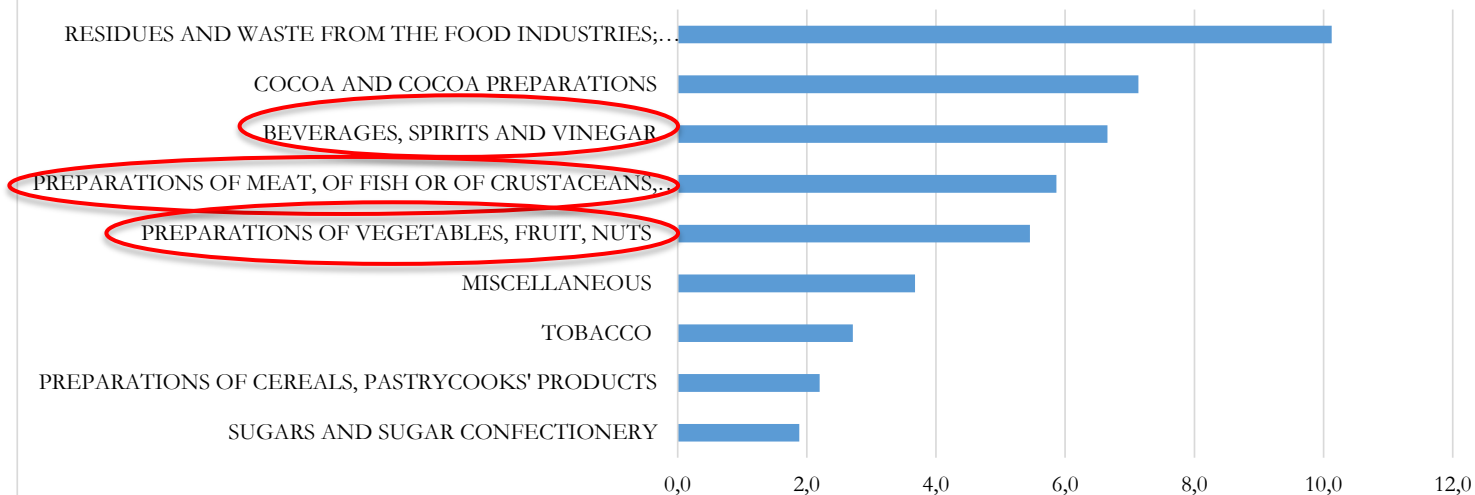
	Extra-EU Imports (billion €)	Extra-EU Exports (billion €)
Animal Products	28,0	34,0
Vegetable Products	29,7	32,8
Food Products	31,1	84,0
	88,8	150,9



Extra-EU Imports Vegetable Products (billion €)



Extra-EU Imports Food Products (billion €)



EU food quality schemes



Currently, there are four EU food quality schemes:

Geographical indications



A way to mark products that have certain qualities or a good reputation due to their geographical origin and traditional know-how.

- *Protected designation of origin (PDO)*
- *Protected geographical indication (PGI)*

Traditional speciality guaranteed (TSG)



Some traditional food products with special qualities are not linked to one specific region. Protects such products from falsification and misuse.

Organic

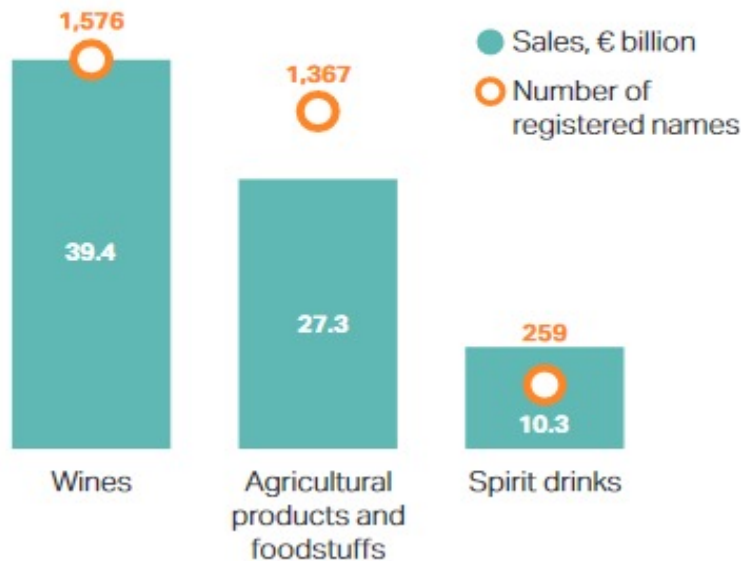


Are those foods that have been certified as grown using organic farming techniques. Organic farming involves the creation of a sustainable agricultural system.

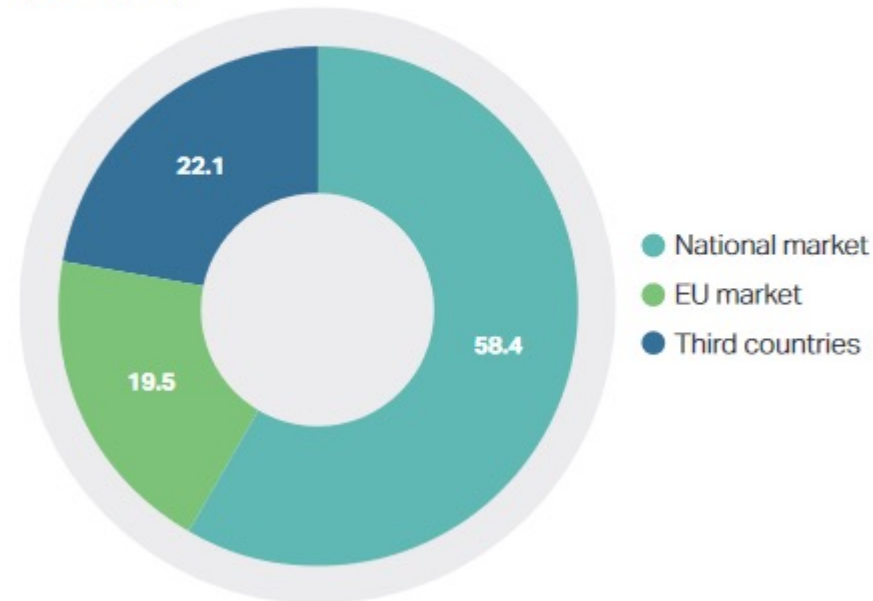
Current EU food quality schemes

→ 7% of the share of GIs and TSGs in the overall sales of European food and drinks

GIs/TSGs by sector
(2017)



GIs/TSGs sales by destination
(2017, %)

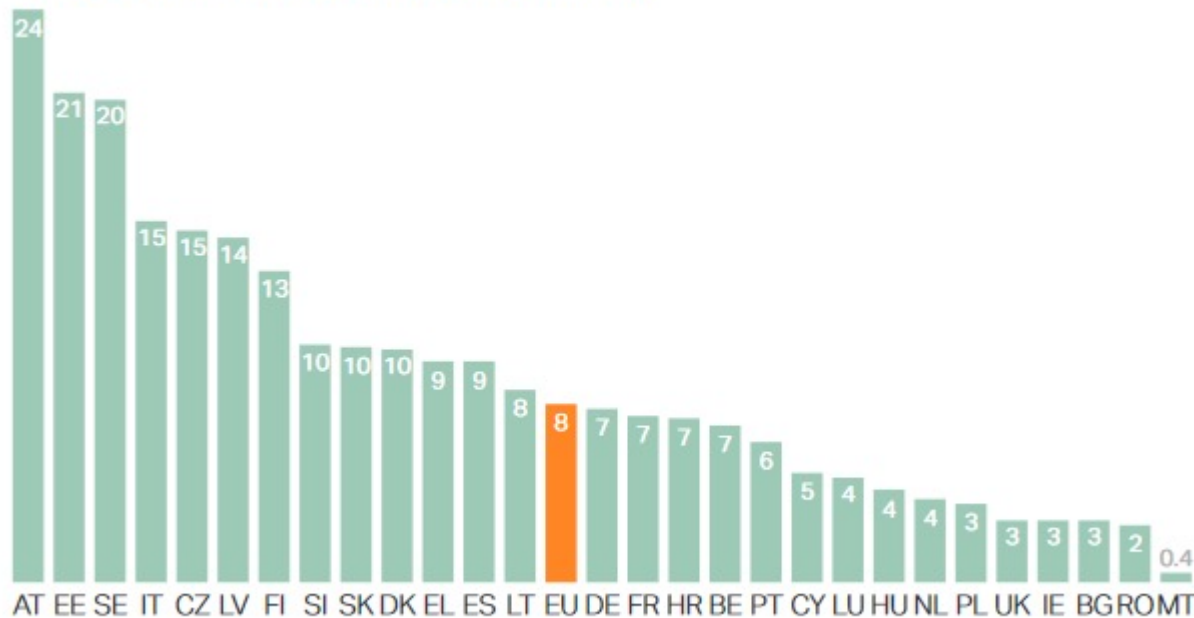


National markets were the first outlet for GIs and TSGs. Exports to third countries amounted to €17 billion, representing 22.1% of the total GI and TSG sales.

GIs and TSGs together accounted for an estimated sales value of €77.1 billion in 2017. More than half of this value derived from wines.

Current EU food quality schemes

Area under organic farming by Member State
(2018, % of utilised agricultural area)



Source: Eurostat

In 2018, almost 8% of the EU's agricultural area was farmed organically. Austria leads with more than 24% of its agricultural area farmed organically, followed by Estonia and Sweden with slightly more than 20%.

In 2019, the EU imported 3.24million of organic agri-food products. This represents a negligible increase compared to the 3.23 million t imported in 2018 (+0.4 %)

The EU promotion policy


- **EU promotion policy for agricultural products:** designed to create new market opportunities for EU farmers and the food industry, as well as to help them to consolidate existing agricultural businesses

In 2021, the European Commission will allocate € 182.9 million to finance activities to promote European agri-food products inside and outside the EU.



- The work program for 2021 is in line with the *European Green Deal* and *F2F*
- Half of the budget will go to campaigns promoting **organic products, sustainable EU agriculture** and the **role of the agri-food sector in terms of climate and environmental action.**

The EU promotion policy

- The EU report details the implementation of the EU promotion policy for agricultural products
- Specific objectives of the policy include:
 - increasing the **competitiveness**
 - increasing **consumption of EU agricultural products**
 - increasing consumer **awareness and recognition** of EU quality schemes
- Promotion policy is fundamental for **promoting current quality schemes** (organic agriculture and geographical indications) **as well as future schemes, such as** 

- labeling of food products of the EU
- animal welfare
- healthy eating patterns
- EU initiative for carbon sequestration in agricultural soils

Labeling of food products of the EU: Nutritional labeling

Labeling of food products

Nutrition labelling

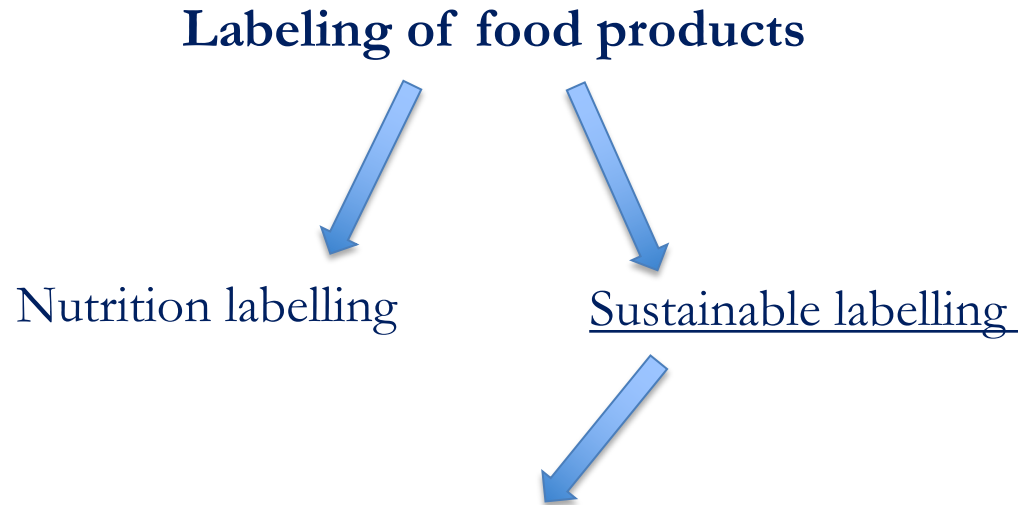
Sustainable labelling

Recent “Farm-to-Fork” strategy → the Commission is proposing to have a **harmonized mandatory FOP nutrition labelling by 2022**, with the aim of providing clear information that can enable consumers to easily choose healthy (and sustainable) foods.

However, an agreement on which FOP labels to adopt is still far from being reached.

→ The French Nutri-Score seems to be the FOP scheme that overall obtained the highest success across EU member states

Labeling of food products of the EU: Sustainable labeling



WHY?

- promote the purchase of environmentally friendly products
- inform consumers about environmental performance

HOW?

The Commission is developing methodologies to calculate the environmental performance of products and organizations throughout the product life cycle → Product Environmental Footprint (PEF) is a multi-criteria common method for measuring the environmental performance of a good or service. The results of the calculation are known as the PEF profile of the product. The results is to arrive at a **single performance score**.

Concluding remarks

→ The promotion policy is essential for increasing the competitiveness in the internal market

→ *increases consumer awareness* about the safety, healthiness, sustainability, and high quality of internal EU food products

→ *increases consumer preferences* for domestic products



→ Furthermore, effective promotion policy can contribute to:

→ *support the transition to a more sustainable agriculture*

→ contribute to *delivering on the objectives of the Green Deal*, the F2F strategy and the Europe's beating cancer plan

→ help *position EU agri-food and the EU food system as a global reference* for sustainability

Concluding remarks

The promotion policy is currently undergoing a review




It is necessary to define the best strategy:

there are 3 possible options, all have pros and cons!

- **Option 1** → Build on success of **current policy** in supporting the agri-food sector's competitiveness while using the annual work programs to also contribute to political priorities as was done for 2021
 - Pros: it allows all products to benefit from promotion policy
 - Cons: not specifically focused on the sustainable transition

Concluding remarks

- **Option 2** → Focus the **policy scope**: In EU, promotion in support of sustainable agricultural production and consumption, in line with F2F Strategy and Europe's beating cancer plan, nudging consumers to healthier diets. On non-EU markets, focus on F2F's international dimension and EU agri-food sector's competitiveness.
 - Pros: aligned with the F2F strategy goals / extend promotion policy to new quality schemes / favor sustainable products
 - Cons: some food categories might be penalized (although high quality) because they have not started a sustainable production process yet
- **Option 3** → Review conditionality/**eligibility**: introduce new requirements and eligibility criteria that incentivize applicants to demonstrate support for the Farm to Fork Strategy or that exclude applications from certain sectors
 - Pros: budget is allocated to specific supply chains that are considered in line with F2F strategy
 - Cons: some supply chains can be significantly penalized (meat)



Thank you for your attention

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