

POSITION PAPER ON “PROMOTING EUROPEAN LOCAL FOOD SYSTEMS”

1

1. CONTEXT

The European Union is seeking for smart, inclusive and sustainable growth. In this context the Europe 2020 Strategy deems research, innovation and the development of new excellence products as being of the uppermost importance for the future competitiveness of Europe. One of the key sectors where Europe has a competitive advantage even if strongly threatened by the effects of the current economic crises and by unfair practices in the global market, is agro-food sector.

The signatories of this paper, who perceive more directly the reactions of citizens to national and European policies affecting their daily life, within the frame of the Europe 2020 Strategy, would like to express the requests and the proposals of the subjects that they represent, in order to establish a better dialogue and a constructive and shared confrontation at the various governance levels.

According to the CIAA annual report of 2010, *“the production and trade of agricultural and agro-food products are a major asset for the European Union. The EU agro-food sector accounts for 18% of world exports and 20% of world imports, hence the EU can claim to be one of the main importing/exporting blocs of agricultural products in the world. Within European manufacturing, the agro-food sector is a front-runner, providing 13.5 % of EU jobs and contributing 12.9% to the total of EU sales. The sector is composed of 310,000 companies, 99.1% of which are SME’s”*¹. Globally, an estimated 80% of food is currently produced and marketed at the local level, whereas in the European Union, this figure is about 20%². This low proportion of local food consumption brings with it wider issues for logistics, food wastage and local development.

¹ Source: CIAA Annual report 2010, in European Commission Proposal for a Regulation of the European Parliament and of the Council on information provision and promotion measures for agricultural products on the internal market and in third countries – COM (2013) 0812.

² Source: Mertik, M. (2014). Building food market communities with the open source LOKeT project. Journal of Applied Computing and Information Technology, 18(1). Retrieved October 6, 2014 from http://www.citrenz.ac.nz/jacit/JACIT1801/2014Mertik_LOKeTProject.html

Regional food products are the result of the history and traditions of our regions. They often represent a production sector of excellence, they are able to attract tourists and promote local communities abroad. The European Institutions recognize the quality and diversity of the Union's agricultural, fisheries and aquaculture production as one of its important strengths, "giving a competitive advantage to the Union's producers and making a major contribution to Europe's cultural and gastronomic heritage"³. It is clear that this cultural heritage must be protected, defended and promoted. However, currently there is no unambiguous definition of what is a "local food product" and a definition is increasingly needed.

*"Citizens and consumers in the Union increasingly demand quality as well as traditional products. They also wish to maintain the diversity of the agricultural production in the European Union. This generates a demand for agricultural products or foodstuffs with identifiable specific characteristics, in particular, those linked to their geographical origin"*⁴.

With the gradual opening up of world markets and global value chains, consumer protection and product traceability issues are becoming increasingly important. The consumer has the right to choose a product offered by the market on the basis of clear and transparent information, related to the characteristics of the product, the origin and possibly the associated risks. An ineffective system of control is likely to increase the vulnerability of European consumers.

Moreover, the awareness due to the increasing world population makes it necessary to insure the adequate resources in order to feed the planet within a sustainable growth and life quality framework. It is not just information that is at stake here. The latest definition of Food Security from FAO document – The State of Food Insecurity, 2001 – defines the concept of "accessibility to food" which underlines the relevance of the concrete availability of food (access) for people, rather than his pure presence on the market⁵.

This concept not only concerns developing countries affected by malnutrition and hunger problems, but also "rich" people in developed countries affected by obesity problems and serious nutritional diseases. Therefore, the environment and the quality of food at various levels of the manufacturing processes becomes an important global issue.

Indeed, one of the global challenges that we face is the sustainability of the food chain, in addition to the improvement of the quality of products. Hence, it is necessary to support research and

³ Regulation EU 1151/12.

⁴ Ibidem.

⁵ "Food security [is] a situation that exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life".

innovation in this crucial and fundamental field and protect the investment in R&D in order to encourage R&D activity. Research and Innovation can certainly help to respond the global challenges in this area. The effects of climate change is already leading to more research and innovation in a better and more efficient use of natural resources, especially water, and a lower production of waste. They are all issues closely related to the production of agricultural products and food where regions have to improve their efforts.

We are not just talking about technical Innovation. Non-technical engagement is also important and can play a positive role in consumer education, impacting on social and cultural aspects and consequent behaviours and perceptions of food quality. Moreover the production of local products may also be a valuable tool to fight against the abandonment of rural areas and to revitalize local economies. Food security is furthermore influenced by global population shifts away from rural areas towards metropolitan areas.

3

2. LOCAL FOOD SYSTEMS (LFS) AND SMART LOCAL INITIATIVE (SMI)

The Committee of Regions states that *‘the “local food system” is a key issue that has so far not been sufficiently addressed and that should be supported in a professional, structured, innovative way’*⁶.

We believe that local food systems can produce several benefits:

- ✓ *Economic benefits of local food systems:*
 - *“Local food systems support the local and regional economy by providing employment, including processing, distribution, marketing and sales activities and services. These systems are of utmost importance in remote rural areas, peri-urban areas, mountainous areas, vulnerable areas and underprivileged areas”*⁷. Investing in local food system is a positive driver for tourism, in particular for agro-food, sustainable and gastronomic tourism, increasing its quantity and especially its quality.

- ✓ *Social benefits of local food systems*
 - Short distribution channels lead to greater interaction and mutual knowledge and understanding between consumers and producers, with a positive effect on quality; it supports social cohesion and community spirit and encourages the community to

⁶ Opinion of the Committee of the Regions on ‘Local food systems’ (2011)

⁷ CoR (2011)

display environmental friendly behaviour. Moreover local food systems can reduce rural-urban migration, especially for young generations and contribute to closing the generation gap. Short distribution systems also have an important role in reducing food miles and reducing long-distance transport demands.

✓ *Environmental benefits of Local Food Systems*

- Local food systems bring environmental benefits through more sustainable production systems and opportunities which help to develop circular systems based on organic waste, residues and renewable energy, to reduce transport externalities and to contribute to the maintenance of the local bio-diversity.

4

The existence and role of Local Food Systems (LFS) should be clarified and recognized. These entities often have no legal status and rely on informal links between the various stakeholders involved. It is therefore necessary to encourage the creation of cluster organizations which are able to coordinate all the activities necessary to a stable development of the local economy. Nevertheless, these activities should neither facilitate nor lead to anti-competitive conduct, which are incompatible with Articles 101 and 102 of the Treaty on the Functioning of the European Union, considering the specificities of the agricultural sector, according to Art. 42 of the TFUE.

Currently there are plenty of tools to support the sector. These tools can be found in the current funding programs of the EU. Some measures are included in ESIF, in the EAFRD, of the Common Agricultural Policy (CAP), while others are part of the Programs H2020 and COSME and are focused on research in the food industry and the environment.

These instruments, however useful they appear, have two critical issues: on the one hand they appear to be unrelated to each other, and on the other hand, they are rarely known or readily available for the beneficiaries, i.e. small farmers and micro enterprises in rural and mountainous areas. It is important that the European Commission carefully monitors the implementation of these instruments, addressed to small farmers and micro agro-food enterprises. The European Institutions should also make sure that these various instruments are brought together in an integrated and holistic approach.

The small producers and local stakeholders rarely have the capacity to use all the opportunities offered by the various European programs. For them it would be even more difficult to co-ordinate the various measures, using multiple measures simultaneously. For this reason it is important to use

a holistic approach and to create synergies between the measures, combining all the funding opportunities already existing, providing a simplified procedure for this category of beneficiaries, also using the support of the LFS organizations (or other intermediaries).

Taking the example of the Smart cities Initiative, EC and local institutions may combine targeted measures to support the economic, social and environmental challenges, launching a form of "SMART LOCAL SYSTEM INITIATIVE" which would particularly support micro-enterprises, start-ups and young farmers.

5

3. TOWARDS AN INTEGRATION OF LOCAL PRODUCTS WITHIN THE EUROPEAN QUALITY POLICY

The globalisation of food markets has generated complex and diffused economic effects and is altering the pre-existing trade exchange framework. The livestock and agro food sectors have been particularly affected and the productive processes have become extremely complex.

The new global trade rules, discussed within the WTO, make product traceability particularly difficult, and during the latest decade, offences linked to the increased sophistication of food have dramatically increased. Furthermore, the global trade network makes the contagion of bacteria and viruses of animal origin and vegetal parasitic infections immediately transmittable

European agro-food excellence is often the result of a specific rural habitat that synthesizes in the product the cultural and social aspects of the region ("terroir"), its vitality, its competence and its traditions, and finally its production methods that have been developed throughout ages. Counterfeiting tends to destroy this entire excellences universe thus undermining the cultural roots of Europe, which deserve to be defended as a valuable heritage. The defence of our food products from imitations and fraud also means defending the financial, economic, social and cultural common interests of the European Union. There is no doubt that such a phenomenon has a negative impact on the investment made, on their returns and, ultimately, on employment.

Therefore, in our opinion, the defence of the agro-food products of the European Union needs to be placed at a higher level on the European agenda and approached with the same energy as the defence of the financial interests of the European Union and the instruments used for fighting this phenomenon should not be less powerful.

Nowadays, many regions are creating an inventory of their agricultural and food heritage. Dozens of products, sometimes even hundreds, distinguish each European region, and they are very often strongly linked to the territory. A considerable number of these products have organised themselves in order to carry out joint promotion activities by utilising geographical Indications (PGI, PDO and STG⁸). Nevertheless, most of these products only hold a reputation and marketability at the local level and would not suit or need a PDO, PGI, and TSG registration.

GIs have so far been the only instruments available in order to support quality products, since they benefit from official logos, share common interests, and can access European promotion funds as well as EAFRD quality measures. PDO and PGI are above all instruments aimed at protecting agro-food products against copying and abuses of reputation at the European and international level, but they imply high costs related to registration processes, control and protection activities. Moreover, in the last two decades of the European Quality Policy, most agro-food productions that could obtain the PDO and PGI registration have been recognised by the European Commission.

Having considered all these elements, most local products do not need such a high level of protection and cannot afford these high costs, which are additional to those generated by their specific production, organisational and marketing characteristics. These products should be protected locally, since it is usually on their own territory that they suffer unfair competition from would-be local products. Moreover, consumers might find it more difficult to ascertain the origin as well as the characteristics of such products.

Hence, there is a strong interest from an administrative, financial and market point of view in opening a new discussion at European level tailored to local production. This discussion should be responsive to the following issues:

- ***Identification of local productions on the market***
- ***Reputation to consumers***
- ***Access to CAP public funds***

⁸ See http://ec.europa.eu/agriculture/quality/schemes/index_en.htm

4. FRAUD IN THE AGRO-FOOD SECTOR: MORE ACTIONS TO COMBAT THE PROBLEM

An effective food security policy has to acknowledge the interrelated nature of production, which requests evaluation and monitoring of risks possibly affecting the health of the consumers of the raw materials, from farming practices and food processing activities. It also requires effective regulatory action to manage those risks and the implementation of control systems to monitor and ensure the implementation of these rules.

Among the phenomena that adversely affect food security there is in particular counterfeiting that harms everyone - producers and consumers. The former are clearly effective in situations of unfair competition; the second, in the vast majority of cases, acquire the conviction of obtaining a product characterized by a specific source, and by a high quality corresponding to what is reported in the label. Instead the consumer often runs into a quality of food lower than expected (i.e. "EU-sounding" and look-alike products) and in a worse case scenario a product potentially harmful to health.

The European Institutions and EU Member States have committed themselves to strengthening the rules and tools that protect citizens and businesses from the spread of goods and products that do not meet safety standards provided for the protection of the environment and the health and interests of operators and consumers.

Already in 2004, the European Commission adopted a "Strategy for the strengthening of intellectual property rights in third countries"; and also set up a European Observatory on human rights violations, which operates by collecting data and information on flows and on how to trade in counterfeit goods.

"Regulation of the quality schemes for agricultural products and foodstuffs" (EC Reg. 1151/2012) establishing innovative "tools" for the identification and enhancement of production, including volunteers (v. called "mountain product"), such as:

- ex officio protection;
- the right to recognition of groups for the protection / promotion of protected designations of origin and protected geographical indications;
- the directions on the label for PDO / PGI / TSG;
- trademarks of area;
- optional terms of quality.

In order to increase the effectiveness of the measures taken, the European Commission has also launched a plan for the sharing of resources, tools and software solutions, targeted and more effective controls at EU borders, with the expectation of more severe sanctions.

The increasingly transnational nature of counterfeiting therefore requires a further strong commitment at the European and international level, leading to the establishment of a framework of common rules which complies with principles of reciprocity and effectiveness.

This involves an holistic policy approach in the field in order to combat counterfeiting food in all of the policies pursued at European level so that it becomes a shared action with all the stakeholders involved. The fight against counterfeiting particularly in the food industry must be like a red thread that intersects all EU policies by making them interoperable and therefore more effective.

Often the small farmer who develops quality products does not have the means and the time to start actions in defence of his or her products, especially if they are sold at the international level.

The universal exhibition in Milan (Expo 2015) will be an excellent opportunity to continue a useful debate on the issue of combating counterfeiting food with some initial proposals from the European level. This debate could lead to a signed conclusions at the Expo 2015 which would provide an international level policy statement leading to enhanced protection of the European agricultural heritage. Therefore we ask to:

- **Map geographically and “name and shame” the crimes of food counterfeiting and their implications;**
- **Improve, in accordance with Competition law and within the specificities of the sector, the market knowledge at the EU and global level (quantity and price); through the homogenization of existing trade databases, the establishment of new databases for quantitative detection of productions, in order to finally build models to predict the trend of production and sales;**
- **Strengthen anti-counterfeiting desks in number and skills;**
- **Involve the EU Embassies and those of the Member States in order to identify cases of counterfeiting and to facilitate investigations at international level;**
- **improve and coordinate the actions of police forces both at EU level and in third countries;**
- **Envisage a system based on the possibility of applying gradual sanctions against the authors of counterfeiting, in order to consider and prevent the reiterated illegal actions**
- **Plan actions in order to prevent illicit trafficking and non-compliant products;**
- **Start bilateral or multilateral agreements to facilitate legal action to protect damaged businesses and extend the protection of trademarks outside Europe;**
- **Promote the adoption of an International Agreement, adequate for the fight against counterfeiting and the false use of brands of food products;**
- **Collaborate with the research system to guard against food adulteration.**

Concerning the protection of the consumer we ask to:

- **Raise awareness of the importance of the traditions and benefits for the regions or local area, involving the levels of government closest to the people in order to maximise impact;**
- **Inform and train the recognition of quality products and improve the recognition of fake food, raising awareness on food safety, the size and damage to the EU economy and individual producers of the phenomenon of counterfeiting and the potential risks to health;**
- **Educate consumers on how to purchase food that has a high societal benefit e.g. quality, sustainability and low food miles.**