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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the application of Regulation (EU) No 1144/2014 of the European Parliament and of the Council on information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries

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1. INTRODUCTION

1.1. Context

This report concerns the implementation of measures under Regulation (EU) No 1144/2014[1] to provide information on and promote EU agricultural products. Article 26(2) of the Regulation requires the Commission to submit a report on its application, together with any follow-up proposals, to the European Parliament and the Council by 31 December 2020.

The report follows an evaluation[2] of the implementation of EU agricultural promotion policy between 2016 and early 2020, with respect to its effectiveness, efficiency, relevance, coherence and EU added value. The report draws on the findings of the Special Eurobarometer on *Europeans, agriculture and the CAP*[3] (based on a representative survey of 27 000 people in August and September 2020). Together with the evaluation, it will inform a review of the promotion policy scheduled for 2021. That review will be preceded by a comprehensive impact assessment of policy options to ensure that future EU promotion policy remains relevant, effective, efficient, with clear EU added value and coherent with all relevant EU policies including trade, development, fishery, health, environment and climate.

1.2. The 2014 policy reform

The Regulation constituted a major reform of EU agricultural promotion policy. The new regulatory framework, which became applicable on 1 December 2015, benefited from a more substantial budget and focused more comprehensively on supporting the competitiveness of the agri-food sector. With the signature 'Enjoy! it's from Europe!', the policy aimed to help EU operators break into international markets and raise awareness among consumers, in EU and in non-EU countries, of European farmers' efforts to provide quality products, based on a strategy established at EU level.

Among the main features of the reform were:

- a budget increase allowing a higher EU co-financing rate (up from 50% to 70-80%);
- a European promotion strategy implemented through annual work programmes and aimed at improving the targeting of promotion measures; and
- simplifying procedures by transferring some implementation tasks from the Commission to the Consumers, Health, Agriculture and Food Executive Agency (CHAFEA) – this generated tangible efficiencies, helping to streamline the submission of proposals and their evaluation by CHAFEA (with contributions from independent external expert evaluators).

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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 *Evaluation of the impact of the EU agricultural promotion policy — internal and third country markets* (SWD(2020) 399 final).

3 Special Eurobarometer 504, *Europeans, agriculture and the CAP*; https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/survey/getsurveydetail/instruments/special/surveyky/2229

1.3. Enhancing the contribution of promotion policy to the EU's overarching objectives

In 2021, the Commission will undertake a review of the promotion policy to strengthen its contribution to the European Green Deal[4] and the 'farm to fork' strategy[5] as well as to the upcoming Europe's Beating Cancer Plan[6], taking account of its important role in supporting the sustainable recovery of the EU agri-food sector in a challenging economic context.

The upcoming review of the promotion policy offers the opportunity to redefine its objectives and rules to better support overarching EU policy objectives. Promotion policy can play a central role in incentivising the transition to a greener, more sustainable agricultural sector, by highlighting the economic, environmental and social sustainability aspects of EU products and production processes both in the EU and non-EU countries. Internationally, it can support efforts to position the EU food system as a global reference for sustainability. In this regard, measures on the initiative of the Commission can in particular contribute to bolster EU outreach efforts, including building "Green Alliances". It can also play a pivotal role in promoting, in addition to quality schemes such as organic farming and geographical indications, future schemes seeking to raise consumer awareness about EU sustainable food labelling, animal welfare, healthy dietary patterns and the EU Carbon Farming Initiative. It can support the future Europe's Beating Cancer Plan in different ways, e.g. by expanding on its current promotion of fruit and vegetable consumption in the context of balanced, healthy diets as well as other healthy food products and categories that are currently under-consumed in the EU with a negative impact on public health.

2. IMPLEMENTATION OF PROMOTION POLICY IN 2016-2019

2.1. Annual work programmes

The Regulation introduced annual work programmes (adopted through Commission implementing decisions[7]) that set the budget and strategic priorities for promotion measures in the coming 12 months.

When formulating the work programme, the Commission takes account of:

- the objectives of the Regulation;
- a macro-economic analysis of projected increases in exports to existing or emerging markets;
- a policy evaluation on free trade agreements and expectations as regards the lifting of sanitary and phyto-sanitary barriers; and
- the results of previous calls for proposals (e.g. uptake, continuity).

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[4] Commission Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions, *The European Green Deal* (COM(2019) 640 final).

[5] Commission Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions, *A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system* (COM(2020) 381final).

[6] initiative launched on 4/2/2020: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12154-Europe-s-Beating-Cancer-Plan

[7] https://ec.europa.eu/info/promotion-eu-farm-products_en#annualworkprogramme

In addition, the Commission takes account of contributions from the Member States and stakeholders consulted through civil dialogue groups[8].

The evaluation showed that the annual work programme is considered a relevant tool for ensuring a dynamic and targeted promotion policy. Each year, it evolves, adjusting to some extent to the evolving priorities of the sectors concerned. In addition, the promotion policy has proven responsive by allocating dedicated *ad hoc* funding for programmes supporting sectors in difficulty, e.g. in 2019, table olives and sustainable rice production.

Annual work programmes have also consistently earmarked budgets to co-finance programmes encouraging fruit and vegetable consumption in the context of a balanced diet, in line with the Commission's strategy on nutrition. Such measures were included in annual work programmes for promotion on the internal market since 2018.

The promotion policy demonstrated its capacity to align with new political priorities through the 2021 annual work programme, which dedicated 50% of its budget to topics contributing to the objectives of the farm to fork strategy. By earmarking €49 million for promotion of organic products, €19.1 million for promotion of fruit & vegetables consumption in the context of balanced and proper diets and€18 million to raise awareness of sustainable agriculture, the promotion policy provides tangible support to the strategy on the basis of the current legal act.

Finally, the work programmes have also included budgets for action in response to unexpected serious market disturbances, loss of consumer confidence or other specific problems (if complementary to exceptional measures under Part V, Chapter 1 of Regulation (EU) No 1308/2013[9]). In the context of the Covid-19 pandemic, additional calls for proposals[10] were launched for the first time to fund actions that are complementary to the crisis package adopted on 30 April 2020.

The annual budget for information provision and promotion measures rose from €113 million in 2016 to €200 million in 2020. While this is a significant increase, it remains modest alongside the trade promotion budgets of other major players in the global agri-food market. The US Department of Agriculture, for instance, allocated $300 million (around €253 million) in 2019 alone through its 'agricultural trade promotion program'[11] to help US farmers identify and access new export markets.

2.2. Types of programme

A promotion and information programme is a coherent set of operations that can include:

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8 https://ec.europa.eu/info/food-farming-fisheries/key-policies/committees-and-advisory-councils/civil-dialogue-groups_en

9 Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 (OJ L 347, 20.12.2013, p. 671).

10 Call for proposals for grants to simple promotion programmes concerning agricultural products implemented in the internal market and in third countries to restore market situation in accordance with Regulation (EU) No 1144/2014 (2020/C 216/11) (OJ C 216, 30.6.2020, p. 19);
Call for proposals for grants to multi promotion programmes concerning agricultural products implemented in the internal market and in third countries to restore market situation in accordance with Regulation (EU) No 1144/2014 (2020/C 216/12) (OJ C 216, 30.6.2020, p. 20).

11 https://www.fas.usda.gov/newsroom/usda-awards-agricultural-trade-promotion-program-funding-0

- press, TV/radio or online advertising campaigns;
- point-of-sale promotions;
- public relations campaigns;
- participation in exhibitions and fairs.

Promotion programmes, which are implemented by beneficiaries over a period of 1-3 years, can take the form of:

– **'simple' programmes** submitted by one or more proposing organisations from the same Member State – over half the budget allocated for such programmes in 2016-2020 targeted non-EU markets; or

– **'multi' programmes** submitted by two or more proposing organisations from at least two Member States or one or more pan-European organisation(s) – although the proportion of such programmes targeting non-EU markets has been rising, in 2016-2019 they were mainly used to fund internal market promotion activities.

The 2014 reform aimed to ensure that more programmes targeted non-EU countries. The respective allocations for EU and non-EU promotion remain an area of contention among stakeholders, who expressed different views in the consultation on the evaluation[12].

The evaluation found overall recognition among beneficiaries and national authorities that the 2014 reform has simplified/streamlined calls for proposals and selection and evaluation procedures, and that the direct management approach to programme implementation is more efficient.

It also concluded that implementation differences between direct management and shared management programmes should be examined further. This can be done as part of the 2021 review, which should enable the Commission to identify common approaches leading to more flexible, harmonised and simplified implementation arrangements.

2.3. Programme submission and selection – statistical breakdown[13]

The budget for information and promotion initiatives to strengthen the competitiveness of EU agriculture increased significantly between 2016 and 2019. Under the 2014 reform, the co-financing rates rose from 50% (under the 2008 Regulation) to:

- 80% for 'simple' programmes targeting non-EU countries and for 'multi' programmes; and
- 70% for 'simple' programmes targeting the EU market.

Table 1: Total budget ('simple' programmes, 'multi' programmes and Commission own initiatives), 2016-2019

	2016	**2017**	**2018**	**2019**
Total budget (€)	113 000 000	142 500 000	188 600 000	201 100 000

[12] https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/1859-Evaluation-of-the-EU-agricultural-promotion-policy/public-consultation

[13] More detailed statistics are available in the staff working document (Annex 4).

The number of proposals submitted throughout the implementation period was testament to operators' consistent interest in the scheme. The amounts requested, for both 'simple' and 'multi' programmes, always exceeded the available budget, resulting in stiff competition between proposals. The year-on-year budget increases partly explain a slight drop over the period in the ratio between amounts requested and available funds.

Table 2: Budget allocated to 'simple' and 'multi' programmes, 2016-2019

Year	No. of proposals	(1) requested amounts (€)	(2) available funds (€)	(1) vs (2) (%)
'Simple' programmes				
2016	199	310 470 913	97 000 000	320%
2017	189	306 434 124	90 000 000	358%
2018	146	215 527 021	95 000 000	227%
2019	109	165 693 403	100 000 000	174%
'Multi' programmes				
2016	27	116 102 232	14 300 000	812%
2017	35	132 149 762	43 000 000	307%
2018	36	110 035 312	79 100 000	139%
2019	35	129 777 114	91 600 000	150%

Proposals submitted per type of programme: Submission statistics show that interest in 'multi' programmes grew once potential applicants became more familiar with the requirements of 'multi' calls, developed partnerships with organisations in other Member States or built capacity within their association to take part in applications for funding.

Table 3: Number of proposals submitted, 2016-2019

Year	'Simple'	'Multi'	TOTAL
2016	199	27	**226**
2017	189	35	**224**
2018	146	36	**182**
2019	109	35	**144**

Proposals awarded funding per type of programme: Table 4 shows the number of 'simple' and 'multi' programmes selected from the start of the implementation period, the product/product category that absorbed the biggest proportion of the budget and the number of Member States in which beneficiaries were located (Member State coverage).

The statistics show a steady rise in the number of 'multi' programmes selected and a stable number of 'simple' programmes. For 'simple' programmes, fruit & vegetables were the top product category. For 'multi' programmes, the organic sector absorbed half of the budget in 2016, fruit & vegetables were the top category in 2017, wine, cider & vinegar in 2018 and baskets of different products in 2019.

Table 4: Number of proposals selected for funding, 2016-2019

Year	'Simple'	'Multi'	TOTAL	Top product category	Budget share (%)	Member State coverage
2016	60	6	66	'Simple' – fruit & veg.	30%	16 MS
				'Multi' – organic	50%	
2017	53	10	63	'Simple'— basket of products	23%	18 MS
				'Multi' – fruit & veg.	19%	
2018	58	21	79	'Simple' – fruit & veg.	31%	18 MS
				'Multi' – wine, cider & vinegar	26%	
2019	56	25	81	'Simple' – fruit & veg.	23%	14 MS
				'Multi' – basket of products	21%	

Programmes implemented, by target market (EU or non-EU): An increase in the number of programmes targeting non-EU countries and 'multi' programmes were specific objectives of the 2014 reform (see Section 1.2).

The increase in the proportion of programmes targeting non-EU countries is therefore in line with the objectives of the Regulation, which aims to increase the market share of EU agricultural products on non-EU markets with the highest growth potential.

Of the 'multi' programmes, almost twice as many targeted the EU market as non-EU markets (39 vs 20). With 'simple' programmes, the balance was the other way round (147 targeting non-EU markets against 73 targeting the EU market).

Table 5: Number of proposals selected for funding, by target markets, 2016-2019

	2016		**2017**		**2018**		**2019**		**TOTAL**	
	EU	non-EU	EU	non-EU	EU	non-EU	EU	non-EU	**EU**	**non-EU**
'Simple' programmes	23	35	21	31	16	38	13	43	**73**	**147**
'Multi' programmes	4	2	9	1	15	5	13	12	**39**	**20**
TOTAL by target TOTAL	**27**	**37**	**30**	**32**	**31**	**43**	**26**	**55**	**112**	**167**
									279	

2.4. Commission own-initiative measures

The Commission took own-initiative measures to help open up new markets and respond promptly and effectively to serious market disturbances or loss of consumer confidence. The measures included:

- high-level missions;
- seminars in other countries to explain the high standards of EU agricultural exports;
- operating stands at trade fairs and exhibitions of international importance;
- promoting the image of Union products (e.g. communication campaigns); and
- technical support services, including market handbooks.

The evaluation found that the Commission own initiatives seem to have been effective in paving the way for entry to or further penetration of non-EU markets. It considered that they made a major contribution to generating tangible EU added value. Since 2017, the budget allocated to the initiatives has remained stable at €9.5 million a year.

3. RECOMMENDATIONS

3.1. Effectiveness

The evaluation found that the promotion policy helped to raise awareness of the merits of EU farm products, the high standards that apply to EU production methods, and EU quality schemes.

The effects of the policy on competitiveness, consumption and market share were more difficult to quantify, because external market and societal factors also influence these impacts. However, in a survey conducted in the context of the evaluation, 97% of respondents considered that the policy makes a strong contribution to enhancing the competitiveness of EU agricultural products and 89% considered that it increases their market share in other countries[14].

It was easier to reach target audiences in the EU than in non-EU markets. The promotion and information activities that proved most effective were:

- those involving direct contact with consumers;
- networking at trade fairs and events; and
- product promotion by social media influencers.

The Commission's own initiatives were found to be highly effective at paving the way for entry to or further penetration of non-EU markets, and particularly relevant when carried out in connection with the implementation of EU free trade agreements.

[14] https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/cmef/regulation-and-simplification/evaluation-support-study-eu-agricultural-promotion-policy-internal-and-third-country-markets_en

Nevertheless, the evaluation found that arrangements for the monitoring and evaluation of promotion programmes are not fit for purpose in their current form. Accordingly, the Commission recommends that:

- the monitoring and evaluation arrangements should be improved as part of the upcoming policy review, so that impact indicators are linked more closely to results and taken into account in the annual work programme priorities and the long-term development of the policy.

In view of the overall low public recognition of geographical indications (as established by the Special Eurobarometer: 20% for protected geographical designations, 14% for protected designation of origin and traditional specialities guaranteed), the Commission also recommends:

- a review of how to raise awareness of quality schemes more effectively.

3.2. Efficiency

The evaluation found that the policy was implemented efficiently overall, but noted variations according to programme management modes:

- participants in 'multi' programmes (managed directly by CHAFEA) received clearer guidance on the grant management and reporting rules, and made more systematic use of online tools. CHAFEA was generally able to provide more constructive, direct support in response to coordinators'/beneficiaries' questions, since each programme has a dedicated project officer; and
- beneficiaries of 'simple' programmes (management shared between Member States and the Commission) occasionally had to wait longer for clarification of the rules. At times, this resulted in a longer lead-time for response, and in some cases beneficiaries perceived the national authorities' application of the rules as less flexible. Also, it was not always possible to make adjustments or take mitigation action in response to sudden changes in market conditions that affected programme implementation.

The Commission recommends:

- examining, in the upcoming policy review, how efficiency of implementation could benefit from more harmonised procedures across shared and direct management;
- investigating further whether a common management mode for 'simple' and 'multi' programmes could result in faster responses to beneficiaries' and national authorities' questions and greater clarity around the grant management and reporting rules; and
- using standardised indicators for assessing the efficiency of Commission own initiatives, with clear guidelines on how these should be quantified and reported.

3.3. Relevance

The evaluation found that the policy objectives (increasing competitiveness, market share and consumer awareness of the high quality and standards of EU agricultural products and of quality schemes) reflected stakeholders' needs and market developments. The promotion policy, its general and specific objectives, and associated activities proved to be very relevant overall.

The policy was found to have been particularly relevant in non-EU countries, as it helped address gaps in consumer awareness and perceptions of the quality of EU agricultural products. In the internal market, consumers were more interested in other product characteristics, such as nutritional value and country of origin. Stakeholders liked the 'Enjoy! it's from Europe' signature, but the evaluation found that it was more relevant in non-EU countries than in the EU.

The setting of strategic priorities in the annual work programmes was considered relevant and the work programmes were considered to have provided clear strategic guidance. The Commission own initiatives addressed professional bodies' needs for information, networking and technical support, and helped open up opportunities in new and existing non-EU markets.

The Commission considers that the promotion policy can increase its relevance by:

- becoming a central tool for delivering the objectives of the 'farm to fork' strategy and the upcoming Europe's Beating Cancer Plan;
- providing incentives for the transition to a green, more sustainable agricultural sector, e.g. by highlighting sustainable EU agricultural products and production processes both in the EU and on export markets;
- supporting efforts to position the EU food system as a global reference for sustainability In this regard, measures on the initiative of the Commission can in particular contribute to bolster EU outreach efforts and build "Green Alliances";
- promoting future schemes to inform consumers on EU sustainable food labelling, animal welfare and healthy dietary patterns and on the EU carbon farming initiative (in addition to quality schemes such as organic farming and geographical indications);
- expanding on its current promotion of balanced, healthy diets in support of the 'Europe's beating cancer' plan.

3.4. Coherence

The evaluation found that the measures pursued under the promotion policy are mutually coherent. The Commission own initiatives address challenges that 'simple' and 'multi' promotion programmes cannot address alone and there is potential for positive spill-over effects between programmes. Based on the evidence available, the policy creates synergies with and complements national initiatives.

The policy is coherent with broader agricultural policies aimed at increasing consumption of EU agri-food products. It is also coherent with EU maritime, fisheries and trade policies.

Coherence of promotion policy with other EU policies differs depending on the products promoted. Promotion of some products (e.g. those whose excess consumption is contrary to balanced, healthy diets), production methods (e.g. those that may have a negative environmental and climate impact) and in certain markets (e.g. least developed countries) will need careful attention in light of policy developments, such as the European Green Deal and Europe's Beating Cancer Plan among others.

There may be some tension between the promotion policy and EU aid and development policies. A very small share (0,1%) of promotion programmes target developing markets (four programmes between 2016 and 2020), but it was not possible to rule out adverse impacts on local production ecosystems. However:

- new measures could be envisaged to ensure that applicants consider the potential for direct adverse impacts on local production and take this into account when developing their proposals.

The level of coherence between the promotion policy and EU climate and environmental policies differs and depends on product types, production methods and markets.

The Commission recommends that the forthcoming policy review examine how promotion policy can:

- translate its potential as an enabler of the transition to more sustainable agriculture (as referred to in the 'farm to fork' strategy);
- align its strategic priorities more closely with climate, sustainability, health and development policy objectives as highlighted under the Green Deal and related policy initiatives.

3.5. EU added value

The evaluation found that the policy produced specific EU added value. The EU dimension of promotion programmes is particularly evident and successful in the cooperation between beneficiaries in 'multi' and 'simple' programmes. The EU added value stemmed from this enhanced cooperation and peer learning between trade operators, which is not available from other funding / promotional activities.

Promotion and information programmes achieved better results on non-EU markets than national promotion measures and were found to be more visible (partly thanks to the signature 'Enjoy! it's from Europe!').

The evaluation also found that the policy provided some organisations with their only opportunity to engage in promotion activities with a high level of exposure.

The Commission's own initiatives also brought tangible added value, since they sought to facilitate market access for EU producers and benefit organisations across Member States and product sectors in a way that would not be possible without EU support.

In the light of these findings, the Commission recommends:

- continuing to support 'multi' programmes and Commission own initiatives in third countries. On the internal market, strengthen the policy's capacity to raise consumers' awareness of current and future EU labelling schemes to increase the policy's EU added value.