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COMMISSION STAFF WORKING PAPER

**SUMMARY OF THE IMPACT ASSESSMENT
ON TRADITIONAL SPECIALITIES GUARANTEED**

Accompanying document to the

**Proposal for a Regulation of the European Parliament and of the Council on
agricultural product quality schemes**

1. PROBLEM DEFINITION

'Traditional specialties guaranteed' refers to registered names of agricultural products or foodstuffs that are produced using traditional raw materials or traditional methods of production, or that have traditional composition. Names can be registered with reservation (in which case the name can only be used for the product made in accordance to the specification) or can be registered 'without reservation of the name' (In which case the name can be used freely, the specification respected only when a product is labelled as TSG).

Since its introduction in 1992, the operators in the food chain have shown only little interest in the scheme by registering only few names. Reason for such a low-take up lays in the scheme's complexity and in its difficult implementation. The problem can be thus identified as regulatory failure (inadequately defined legal framework and implementation failure).

2. ANALYSIS OF SUBSIDIARITY

The present IA concerns a revision of an existing EU legislative act (Council Regulation (EC) No 509/2006 on agricultural products and foodstuffs as traditional specialties guaranteed). In regard to registration of the names with reservation ie when a term is protected throughout the EU – meaning that operators who do not qualify for using the term are prevented from doing so – the EU is action justified. Contrary, registration of names without the reservation whose purpose of the registration is limited to the identification of product could be left to by Member States.

3. OBJECTIVES OF THE EU INITIATIVE

The problem definition and its drivers lead to the setting of an overall objective to enable and facilitate the communication to consumers about traditional agricultural products and foodstuffs. The revised legal framework should be adapted to become relevant and attractive to producers and put in line with the subsidiarity principle. Registration and marketing of TS with EU logo would address the problem of asymmetric information and contribute in achieving the Treaty-based goals and the policy objectives.

4. POLICY OPTIONS

The following options were analysed:

4.1. Option 0: Status Quo:

This option envisages the continuation of the current scheme i.e. no policy change.

4.2. Option 1: introducing the term 'traditional' as optional reserved term under marketing standards and abolishing the current scheme

Most TSG names have been registered without reservation of the name, serving only to identify the traditional product-speciality and not to protect the name. Therefore introduction of a defined reserved term for "traditional product" would be an option.

This option would not entail registration. Defining the term 'traditional' would mean that when used by operators the product bearing it on the label would comply with the definition.

4.3. Option 2: abolishing the current scheme, traditional products managed in national or private schemes

The idea for this option is that the existing EU scheme would be discontinued and EU would not get involved by setting specific legislation in regard to traditional products. Regulating traditional specialities, including definition of traditional products and its implementation (e.g. identification, registration, promotion) would be left to Member States and/or regions or to the private actions. Some such systems are already in place. However, the option does not address protection of names at EU level.

4.4. Option 3: simplifying the current scheme and allow only registration with reservation of the name

If the TSG scheme continues, it should be simplified. The current scheme provides that a name can be registered with or without reservation of the name. Allowing two types of registration was identified as the main concern in regard to the scheme. Going back to the original proposal by allowing only one type of registration, with reservation of the name, would streamline the scheme. In case registration with reservation of the name would make the scheme more understandable to both producers and consumers.

As a consequence of abolition of registration of names without its reservation the register would contain only one list of names recognised throughout the UE. Beside this, further simplifying and streamlining of the existing legal framework would be opportune.

5. ASSESSMENT OF IMPACTS

The report identifies the main impacts of the options:

Option 0: Status Quo

Without a change in policy few names would continue to be registered and thus limited impacts can be expected.

The scheme is considered to be burdensome in terms of costs of preparing an application, the registration process that is demanding on administrations in the Member States and the Commission and finally, annual certification, inspection and administrative (e.g. record keeping) costs. Quantified benefits are not easy to obtain nevertheless an example has been provided of an important TSG which experienced positive economic results contrary to the trends of the market concerned.

5.1. Option 1: introducing the term 'traditional' as optional reserved term under marketing standards and abolishing the current scheme

Introduction of a common EU definition for the term 'traditional' across all sectors would establish a level playing field for the producers. It would prevent unfair trade practices as well as misleading the consumers thus contributing to smooth functioning of Single Market in foodstuffs. However, the shortcomings in a single definition would either be too wide or too narrow for some sectors and some producers. Consumers would benefit from a clear and

understandable indication on the label when making purchasing decision what would depend on the extent the term would be used by the economic operators.

Switching from a burdensome certification scheme to a simpler labelling mechanism for the purpose of identifying traditional products would lower administrative burdens and costs. Studies show that the costs of changing a label of the product, if necessary, do not constitute a considerable impact on the businesses. On the other hand, this option would affect rights acquired for the existing registered names as well as for the pending applications.

5.2. Option 2: abolishing the current scheme, traditional products managed in national or private schemes

Impacts would by large depend on Member States/regions or private actors to establish a system for identifying the traditional product and consequently on the operators' decision to use it. Even a significant impact could be expected under this option if experiences of Member States are taken into account. In regard to functioning of the Single Market it has to be noted that the definitions and criteria for inclusion in the national schemes differ and thus could lead to distortions of competition and misleading consumers having different expectations.

No registration procedure at EU level but possibly at Member States/regional level. This option would adversely affect rights acquired for the existing registered names as well as for the pending applications.

5.3. Option 3: simplifying the current scheme and allow only registration with reservation of the name

Protection of a name provides a concrete competitive advantage to producers within the scheme. Example that the scheme can be used to support a substantial business in traditional product implies significant economic impact can be foreseen if the scheme is simplified, made more understandable and attractive to potential applicants, and thus used. That would in turn increase scheme's awareness and choice of authentic traditional specialities.

Abolition of one type of registration means simplification although the requirements for the registration with reservation of the name would basically have to remain more or less as they are at present. This option would affect rights acquired for the existing registered names without their reservation as well as for the pending applications.

6. COMPARISON OF OPTIONS

All options analysed show that improvements in terms of effectiveness, efficiency and consistency compared to the status quo.

Option 1 (introducing the term 'traditional' as optional reserved term under marketing standards and abolishing the current scheme) success would by large depend on definition of the reserved term but also on the operators' interest to use it on the labels.

Option 2 (abolishing the current scheme, traditional products managed in national or private schemes) shows a deficiency in terms of coherence while Option 3 (simplifying the current scheme and allow only registration with reservation of the name) would significantly improve

effectiveness in terms of better targeting, while certification remains burdensome and therefore scores less well on efficiency.

The view of the overwhelming majority of the stakeholders (Annexes I and II) was that the TSG scheme held significant potential, but needed radical improvement. Nevertheless it is clear from the data that the scheme has failed to reach its potential and that EU level action is difficult to justify in the case of listing of names that are not reserved throughout the EU.

This analysis therefore concludes by recommending:

- For the mechanism of Article 13(2) in Regulation (EC) No 509/2006, registration of names **with** reservation of the name: **Option 3** (simplifying the current scheme and allow only registration with reservation of the name). The revised TSG scheme would enable reservation of the names for traditional products throughout the Union. Although the system needs to be made more understandable, relevant and attractive to users. It must have lighter administrative procedures, while upholding the credibility of the guarantees offered to consumers. The scheme should become more effective and efficient so that the benefits it can deliver would offset the necessary costs the certification entails. The examples given in this report of the two registered names (Jamón Serrano, Boerenkaas) demonstrate a need for the scheme and that TSG can be beneficial in several ways. Lastly, it should also be stressed that option of maintaining although improved scheme was almost unanimously favoured by the stakeholders, the Member States and the EU institutions and bodies.
- For the mechanism of Article 13(1) in Regulation (EC) No 509/2006, registration of names **without** reservation of the name: **Option 2** (abolishing the current scheme, traditional products managed in national or private schemes). The development of national and/or private schemes is particularly significant for small producers as the revised EU scheme is still likely to be beyond their capacity. Therefore, Member States (and/or regions) should continue to be encouraged to maintain and develop national systems of recognition of traditional products often produced and marketed at local scale where the names are not protected throughout the EU.

7. MONITORING AND EVALUATION

The indicators for each option are proposed and will be developed during preparation of the initiative.