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**PROPOSAL**

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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
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To:	Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union
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Subject:	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

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Delegations will find attached document COM(2013) 812 final.

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Brussels, 21.11.2013  
COM(2013) 812 final

2013/0398 (COD)

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**

{SWD(2013) 469 final}

{SWD(2013) 470 final}

## EXPLANATORY MEMORANDUM

### 1. CONTEXT OF THE PROPOSAL

The production of and trading in agricultural and agri-food products are a major asset for the European Union. Accounting as it does for 18 % of world exports and 20 % of world imports, the Union can claim to be the world's number one importer and exporter of agricultural products, jockeying for position with the United States. Within European manufacturing, the agri-food sector is a front-runner, providing 13.5 % of jobs and contributing 12.9 % of total sales. It is made up of 310 000 enterprises, 99.1 % of which are SMEs<sup>1</sup>. Over the years, the European sector has focussed on quality and added value, offering processed products which are increasingly popular in Europe and worldwide. These products account for more than two-thirds of total EU agricultural exports, but still have considerable development potential.

It is crucial that European agriculture and the agri-food industry, which is closely dependent on the former, maintain and increase their competitiveness and their market shares on both the internal and export markets, while ensuring that undertakings entered into by the EU in its international trade relations are met. However, European agriculture is faced today with a much more competitive environment, largely resulting from the globalisation of markets. This trend should continue in the coming years with the prospect of the Doha round and various bilateral and regional agreements currently under negotiation being concluded. Though often feared, these agreements might also give rise to major opportunities for the sector.

Nevertheless, on the internal market only a small minority of European consumers are aware of the efforts undertaken by European farmers to supply high-quality, healthy and safe products. Only 14 % of Europeans recognise the logos of products that benefit from a protected designation of origin (PDO) or a protected geographical indication (PGI), these being the main European quality schemes established by the Union. The same goes for exports: the effort of investing in marketing and selling on distant markets represents a challenge for a sector essentially made up of SMEs and indeed micro-enterprises.

This situation is without doubt a challenge for European farmers, but it also opens up prospects which should be given effective support, in particular using CAP instruments. This is because the success of European farming will depend on its ability to increase its market shares and to enable the highly competitive food industry to maintain its prominent position in the EU in economic and trade terms.

This context calls for a modern and ambitious policy of promotion, one which learns from the lessons of the promotional programmes implemented to date and which represents an additional stage in the modernisation of the CAP. The objective is to support agriculture, and especially the SMEs and producer organisations which form the backbone of this sector, so that they can make a strong and dynamic contribution to European growth for the Union as a whole, and in particular for its rural areas. This requires a policy of promotion which is restructured for its beneficiaries (producer, professional and inter-professional organisations, both at national and European level), which is bolstered in terms of the resources available to

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<sup>1</sup> Source: CIAA Annual Report, 2010

it, and which distinguishes in terms of its approach between the internal market and third-country markets.

This proposal, which provides for a gradual but significant increase in the budget allocated to promotion measures, will be financed from appropriations already earmarked for the EU's Common Agricultural Policy for the period 2014-2020. This expenditure is estimated on the basis of the opportunities to be seized in third countries as a result of growing demand, e.g. in Asia where, by 2050, for ASEAN<sup>2</sup> member countries alone, agricultural imports are expected to increase by over 17 billion dollars<sup>3</sup>.

As well as growing demand from emerging markets in particular, which are already very important for the EU's agri-food exports, our access to markets will improve globally with the conclusion of the numerous trade negotiations that are currently under way. The free-trade agreements currently being negotiated represent markets with a present value of around €35 billion per year for the European agri-food sector. The acceleration in demand and liberalisation of substantially all trade through these negotiations will probably make it possible for this figure to be very significantly increased. For example, by 2027 an ambitious free-trade agreement with the United States could increase the EU's agricultural exports by around 15 % (over €1.7 billion per year) and its exports of processed agricultural products by 45 % (over €13.4 billion per year)<sup>4</sup>. An ambitious free-trade agreement with Japan could increase agri-food exports by 137 % in the long term (over €5.9 billion per year)<sup>5</sup>.

This is therefore a strategic and pivotal opportunity for the European agri-food sector that should, given the importance of European SMEs in this sector, be seized through an ambitious and innovative policy. These enterprises need support, expertise and encouragement to exploit this major opportunity. This requires a far-reaching public policy, equal to this opportunity. The amounts included in this proposal will enable this policy to be established in a credible fashion in the coming years.

## **Background**

The Common Agricultural Policy (CAP) enables the potential of the European agricultural and agri-food sector to be released and exploited. A reform is under way which will ensure, after 2013, that this policy feeds directly into the Europe 2020 Strategy for smart, sustainable and inclusive growth by promoting an agricultural sector which delivers food security, a sustainable use of natural resources and more dynamic rural areas. In parallel, reform of the policy for information provision and promotion measures for agricultural products, one of the instruments of the CAP, is also needed.

As a CAP tool, the European policy for the promotion of agricultural products must pursue the objectives of CAP reform up to 2020, and more particularly the objective of strengthening the competitiveness of European agriculture both on the internal market and in third countries, focussing on the following specific goals:

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<sup>2</sup> Association of Southeast Asian Nations.

<sup>3</sup> Report 'What Asia wants Long-term food consumption trends in Asia' Australian Bureau of Agricultural and Resource Economics and Sciences, October 2013

<sup>4</sup> Source: Centre for Economic Policy Research (2013): Reducing Transatlantic Barriers to Trade and Investment – An Economic Assessment (prepared for DG TRADE), London.

<sup>5</sup> Source: Copenhagen Economics (2010): Assessment of Barriers to Trade and Investment between the EU and Japan (final report to DG TRADE).

- Increasing the level of awareness among consumers of the merits of European agricultural products;
- Developing and opening up new markets for European agricultural products on the internal market and in third countries;
- Enhancing the effectiveness and efficiency of the policy.

In the CAP context, Union support relating to information provision and promotion measures for agricultural products has evolved. Before 2000, information provision and promotion measures were organised at sectoral level. In 2000 the sectoral measures were merged together to form a horizontal scheme. From 2000 to 2007, these activities were governed by two distinct Regulations, one relating to the internal market and the other targeting third countries<sup>6</sup>. Since 2008, these two approaches have been merged into a single horizontal scheme (Council Regulation (EC) No 3/2008<sup>7</sup> and Commission Regulation (EC) No 501/2008<sup>8</sup>), but without any significant changes to their content.

### **Objectives of the proposal**

This proposal enables information provision and promotion measures necessary for the agricultural sector to be able to rise to the many challenges it faces in a context of growing competition and opening-up of markets to be implemented on the internal market and in third countries. The success of European agriculture will depend on its ability to increase its market shares and enable the highly competitive food industry sector to maintain an important position in the EU's trade and economy (with the food chain accounting for 6 % of the Union's gross domestic product (GDP)).

Measures will follow a European information and promotion strategy which identifies priorities on markets and products or messages to be highlighted (e.g. products with high added value), while taking account of free trade agreement negotiations and the most profitable markets and avoiding a fragmentation and dispersion of funding. A rebalancing of measures targeting third countries is also expected with this proposal.

In order to raise the number and quality of measures in a manner that is consistent with the 2020 CAP reform, which encourages farmers to organise themselves, the scheme should be opened up to new beneficiaries, such as producer organisations.

The best return on investment should also be sought for these measures, and strict guidelines should be established as regards the possibilities of mentioning the origin of products or brand names as a means of illustrating the main generic message highlighting the intrinsic characteristics of European agricultural products.

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<sup>6</sup> Council Regulation (EC) No 2826/2000 of 19 December 2000 on information and promotion actions for agricultural products on the internal market (OJ L 328, 23.12.2000, p. 2) and Council Regulation (EC) No 2702/1999 of 14 December 1999 on measures to provide information on, and to promote, agricultural products in third countries (OJ L 327, 21.12.1999, p. 7).

<sup>7</sup> Council Regulation (EC) No 3/2008 of 17 December 2007 on information provision and promotion measures for agricultural products on the internal market and in third countries (OJ L 3, 5.1.2008, p. 1).

<sup>8</sup> Commission Regulation EC No 501/2008 of 5 June 2008 laying down detailed rules for applying Council Regulation (EC) No 3/2008 on information provision and promotion measures for agricultural products on the internal market and in third countries (OJ L 147, 6.6.2008, p. 3).

The programmes submitted by operators from different Member States make a substantial contribution to European added value. They promote the diversity of European agricultural products and will be encouraged as part of the reform.

Commission initiatives, such as high-level trade missions or participation in international trade fairs, help open up new markets to European agricultural products.

The proposal includes the development of new technical support services for stakeholders which favour the exchange of information on information provision and promotion measures or good practices and allow their expertise to be developed.

It also aims to simplify the management of the information and promotion policy. It proposes that the Commission should be more active in managing multi-country programmes, thereby making it easier for them to be set up and implemented. The respective roles of the Member State and the Commission in terms of monitoring and control must be clarified in order to avoid duplication and lengthy procedures. It is proposed that selection should take place solely at Commission level.

Finally, all action will be accompanied by a systematic impact assessment in order to confirm that the goals set have indeed been achieved. An evaluation framework will be set up to gauge how the promotion policy is performing using a common set of indicators linked to its strategic objectives, in keeping with the common monitoring and evaluation framework of the CAP.

## **EU Added Value**

Agricultural policy is a European policy. Instead of having 28 separate agricultural policies, the Member States pool their resources in order to pursue a European policy with a common budget. Agriculture is the only sector governed by a common policy with common rules - including on the matter of promotion - laid down by the Treaty. The ongoing reform of the CAP must impact on all the tools making up this policy.

In particular, in an internal market any action at EU level will have an important leverage effect in terms of (a) making it easier to set up generic information programmes which, by their very nature, are rarely implemented by the Member States or companies, particularly in the current context of economic crisis, and (b) implementing multi-country programmes which will give rise to an exchange of experiences between Member States and to economies of scale.

## **2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS**

### **Stakeholder consultation**

Interested parties have been widely consulted. A Green Paper launched by the Commission on 14 July 2011 initiated a debate the results of which were announced at a Conference on the promotion of European agriculture organised by the Polish Presidency in November 2011. The Council adopted conclusions on the Green Paper at its meeting in December 2011. On 20 November 2012, the European Parliament adopted a resolution further to the adoption of a communication on the subject by the Commission. Consultations also took place within the

Advisory Committee on Promotion and within a CAP simplification experts' group at meetings in March 2012.

### **Assessment of the current arrangements**

An assessment commissioned by the European Commission and carried out by an external consultant was published in January 2012. It provided an overall and independent evaluation of the current scheme. It examined the relevance and effectiveness of the EU's information and promotion policy for agricultural products in the light of the objectives set out in Council Regulation (EC) No 3/2008 and its consistency with other promotion measures applied under the CAP. The analysis covered the period 2002-2010.

### **Impact assessment**

By evaluating the current policy framework and analysing future challenges and needs, the impact assessment assesses and compares the impact of three alternative scenarios. These reform scenarios were developed in line with three distinguishing factors which emerged from the public debate and the positions adopted by the various stakeholders, i.e. target market(s), the existence or not of a European promotion strategy and, finally, the rules on private brands and the origin of products. Three scenarios were formulated as food for thought in the decision-making process:

- The 'improved status quo' scenario involves a limited adjustment of the promotion policy. It recognises the policy's added value and seeks to remedy identified weaknesses with a view to simplifying the policy and making it more accessible, enabling beneficiaries to make the most of the tools offered, and to back them up with suitable technical support.
- The 'targeted' scenario, in addition to what is offered by the improved status quo, ensures better targeting of promotion measures on the internal and external markets through the development and implementation of a strategy. It also encourages collaboration between operators in the various Member States (by means of directly managed multi-country programmes). The strategy will also allow the range of products and themes eligible under the promotion scheme to be widened. Finally, this scenario involves better use of indications of the origin of products and brand names (e.g. "banner" brands).
- The 'exclusive to third countries' scenario shares the same level of performance ambition as the 'targeted' scenario but concentrates solely on third countries, whereby promotion measures are managed directly by the Commission in compliance with a selection strategy. The improvements proposed by the 'improved status quo' scenario are also included in this scenario. In addition, over and above generic promotion, marketing activities for individual private brands would also be eligible under the scheme and could involve an extended list of products and themes.

While the 'improved' status quo scenario appears not to be targeted sufficiently at measures with high added value for the European Union, and the 'exclusive to third countries' scenario appears too risky given the low level of awareness of agricultural products in Europe, the 'targeted' scenario emerges from the impact analysis as being the most balanced scenario for the purposes of defining the outline of a promotion scheme which is more targeted towards the economic growth needs of agricultural sectors and markets but which, at the same time, improves the level of awareness among European consumers confronted with an increasingly vast array of products.

### **3. MANAGEMENT OF THE SCHEME**

The scheme is at present managed on the basis of shared management (main expenditure linked to the implementation of programmes) and direct management (information provision and promotion measures at the Commission's initiative). The current Regulation should lead to a general and significant increase in the number of measures implemented and thus to an increase in expenditure subject to shared management and direct management alike, with a sizeable increase in the share of directly managed measures following the shift towards this type of management for multi-country programmes with the aim of encouraging their implementation.

On the basis of a cost/efficiency analysis, the Commission is able to decide to delegate programme management in full or in part to an executive agency, subject to compliance with Article 62 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council<sup>9</sup>. In the Commission's Communication entitled 'A budget for European 2020'<sup>10</sup>, the Commission proposed that it should exploit the possibility of making greater use of existing executive agencies.

In this context, and in accordance with Article 3(4) of Council Regulation (EC) No 58/2003<sup>11</sup> and Article 6(g) of Regulation (EU) No xxx/xxxx on the financing, management and monitoring of the common agricultural policy<sup>12</sup> [CAP Horizontal Regulation], the Commission intends to outsource certain tasks relating to the direct management of information provision and promotion programmes, including for multi-country programmes, and the assessment of proposals for simple programmes to an existing executive agency with the aim of providing a better-quality service and enhancing the EU's visibility in its information and promotion activities for agricultural products.

### **4. LEGAL ELEMENTS OF THE PROPOSAL**

#### **Legal basis**

The proposal is based on Articles 42 and 43 of the Treaty on the Functioning of the European Union.

#### **Subsidiarity and proportionality principles**

- Subsidiarity principle

The EU promotion and information policy usefully supplements and reinforces the schemes run by Member States by boosting the image of products in the eyes of consumers in the EU and in third countries, in particular as regards the quality, nutritional value and safety of foodstuffs and the methods of production. By helping to open up new markets in third

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<sup>9</sup> Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1).

<sup>10</sup> COM(2011)500 (paragraph 6.1.3).

<sup>11</sup> Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes (OJ L 11, 16.1.2003, p. 1).

<sup>12</sup> Regulation (EU) No .../....



countries, such action is also likely to have a multiplier effect on national and private initiatives.

The proposal falls under shared competence between the EU and the Member States and complies with the subsidiarity principle.

- Proportionality principle

Due to the increasing liberalisation of trade, including trade in agricultural and food products, the trade between EU Member States and third countries is growing in scale. In this context, and in view of the CAP's market-oriented approach, the regulation on information provision and promotion measures for agricultural products on the internal market and in third countries is therefore a crucial instrument that is consistent with the new framework of the WTO Agreement on agriculture.

It also naturally falls to the EU to promote the high quality standards of EU agricultural products and to encourage joint promotional programmes involving more than one EU country or more than one agricultural sector.

The proposal complies with the proportionality principle.

## **5. BUDGETARY IMPLICATION**

Compared to the present situation, the proposal gradually but significantly increases the budget allocated to information provision and promotion measures for agricultural products (from €61.5 million in the 2013 budget to €200 million in 2020). Details of the proposal's financial impact can be found in the financial statement.

The proposal relating to the 2014-20 Multiannual Financial Framework (MFF) includes the amounts of direct payments and market-related expenditure for the first pillar of the CAP. As a precaution, the Commission has taken account of the conclusions of the European Council of 8 February 2013 concerning the MFF. Subject to the adoption of the MMF Regulation, information provision and promotion measures will be funded within the amounts agreed by the European Council.

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**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 42 and 43(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee<sup>13</sup>,

Having regard to the opinion of the Committee of the Regions<sup>14</sup>,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) In accordance with Council Regulation (EC) No 3/2008<sup>15</sup>, the Union may implement information provision and promotion measures on the internal market and in third countries for agricultural products and their production methods and for certain food products based on agricultural products.
- (2) The aim of these measures is to enhance the competitiveness of European agriculture in both the internal market and third countries by increasing consumers' awareness of the merits of the Union's agricultural products and food products based on agricultural products and developing and opening up new markets. They usefully complement and reinforce the measures implemented by the Member States.
- (3) In view of the experience gained and likely trends in the agricultural sector and on markets both inside and outside the Union, the scheme established by Regulation (EC) No 3/2008 should be reviewed and made more coherent and effective. Regulation (EC) No 3/2008 should therefore be repealed and replaced with a new regulation.

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<sup>13</sup> OJ C , , p. .

<sup>14</sup> OJ C , , p. .

<sup>15</sup> Council Regulation (EC) No 3/2008 of 17 December 2007 on information provision and promotion measures for agricultural products on the internal market and in third countries (OJ L 3, 5.1.2008, p. 1).

- (4) In order to comply with the competition rules, measures targeting the internal market should be limited to providing information on the specific characteristics of agricultural production methods in the Union or on themes which are relevant to the Union, such as the European quality systems established by Regulation (EU) No 1151/2012 of the European Parliament and of the Council<sup>16</sup>.
- (5) Measures are also required to enhance the authenticity of Union products so as to improve consumers' awareness as to the qualities of genuine products as compared to imitations and counterfeit products; this would contribute significantly to awareness in the Union and third countries alike of the symbols, indications and abbreviations demonstrating participation in the European quality schemes established by Regulation (EU) No 1151/2012.
- (6) The Union exports mainly final agricultural products, including agricultural products not included in Annex I to the Treaty on the Functioning of the European Union ('the Treaty'). The information and promotion scheme should therefore be opened up to certain food products based on agricultural products, in line with other schemes coming under the Common Agricultural Policy (CAP), such as the European quality schemes, which already provide for mechanisms which are open to such products.
- (7) The Union's information provision and promotion measures relating to wine are one of the landmarks of the aid programmes available to the wine sector under the CAP. Consequently, the eligibility of wine for the information provision and promotion measures provided for under this scheme should be limited solely to wine which is associated with another agricultural or food product.
- (8) Over the period 2001-11, barely 30 % of the budget earmarked for information provision and promotion measures under Regulation (EC) No 3/2008 was spent on measures targeting third-country markets, even though these markets offer major growth potential. With the aim of reaching 75 % of estimated expenditure, specific arrangements are therefore required to encourage a larger number of information provision and promotion measures for Union agricultural products in third countries, in particular through increased financial support
- (9) In order to guarantee the impact of the information provision and promotion measures that are implemented, these should be developed in the context of information and promotion programmes. Such programmes have hitherto been submitted by professional or inter-professional organisations. In order to increase the number and raise the quality of the measures proposed, the range of beneficiaries should be widened to include producer organisations. Moreover, the Commission must be able to supplement programmes by implementing measures at its own initiative, particularly with a view to contributing to the opening-up of new markets.
- (10) The information provision and promotion measures co-financed by the Union should endow them with a specific European dimension. To that end, and in order to avoid a dispersion of resources and increase Europe's visibility through these information provision and promotion measures for agricultural products, it is necessary to establish

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<sup>16</sup> Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs (OJ L 343, 14.12.2012, p. 1).

a work programme which defines the strategic priorities for these measures in terms of populations, products, themes or markets to be targeted and the nature of the information and promotion messages to be imparted. The Commission will take particular account of the predominant position of small and medium-enterprises in the agri-food sector, a sector which benefits from the exceptional measures provided for in Articles 154, 155 and 156 of Regulation (EU) XXX/20... [of the European Parliament and of the Council of ... establishing a common organisation of the markets in agricultural products (Single CMO Regulation) (COM(2011)626)] and from free-trade agreements coming under the commercial policy of the European Union for measures targeting third countries.

- (11) In order to ensure that information provision and promotion measures are implemented effectively, they should be entrusted to duly selected implementing bodies.
- (12) Over and above the information provision and promotion measures, the Commission needs to develop and coordinate technical and support services at European level with the aim of helping operators take part in co-financed programmes, conduct effective campaigns or develop their export activities.
- (13) The information provision and promotion measures for agricultural products that are co-financed by the Union shall not be oriented to commercial brands or to their specific origin. Nevertheless, the indication of brands or origin might have a leverage effect in the context of promotion measures, particularly in third countries. While respecting specific conditions to be established, in particular rights to the protection of intellectual property, it should therefore be possible to give greater visibility to brands and origin and, at the same time, maintain a proper balance with the highlighting of generic messages focussed on the intrinsic characteristics of the Union's agricultural products and food products based on agricultural products.
- (14) The Union is keen to simplify the regulatory environment of the CAP. This approach should also be applied to the Regulation on information provision and promotion measures for agricultural products. In particular, the principles of administrative management of information and promotion programmes should be reviewed with the aim of simplifying them and enabling the Commission to establish the rules and procedures applicable to the submission and selection of proposals for programmes.
- (15) Cooperation between economic operators in different Member States contributes greatly to increasing European added value and to highlighting the diversity of European agricultural products. Despite the priority given to programmes developed jointly by proposing organisations in different Member States, the latter accounted in the period 2001-11 for only 16 % of the budget earmarked for information provision and promotion measures under Regulation (EC) No 3/2008. New arrangements should accordingly be introduced, particularly as regards the budgetary management, in order to overcome existing obstacles to implementation.
- (16) Financing rules should be set. As a general rule, so that interesting proposing organisations assume their responsibilities, the Union should cover only part of the cost of programmes. Certain administrative and staff costs which are not linked to implementation of the CAP form an integral part of information provision and promotion measures and could be eligible for Union funding.

- (17) Each measure should be subject to monitoring and evaluation in order to improve its quality and demonstrate its achievements. In this context a list of indicators should be determined and the impact of the promotion policy assessed in relation to its strategic objectives. The Commission should establish a monitoring and evaluation framework for this policy which is consistent with the common monitoring and evaluation framework of the CAP.
- (18) In order to ensure the coherence, effectiveness and sound management of the measures provided for in this Regulation as well as the efficient use of Union funding, the Commission should be delegated the power to adopt acts in accordance with Article 290 of the Treaty as regards the specific conditions of brand visibility and the indication of product origin, the criteria for determining the eligibility of proposing organisations, the conditions governing competitive tendering between implementing organisations and the conditions according to which the proposing organisation may be authorised to implement certain parts of the programme itself and, finally, the specific conditions determining the eligibility of the costs of information provision and promotion measures for simple programmes. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including using external experts. When preparing and drawing-up delegated acts, the Commission will ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.
- (19) In order to facilitate a smooth transition from the system established by Regulation (EC) No 3/2008 to the system established by this Regulation, the power to adopt acts in accordance with Article 290 of the Treaty should be delegated to the Commission in respect of establishing transitional provisions between Regulation (EC) No 3/2008 and this Regulation.
- (20) In order to ensure that uniform implementing conditions apply under this Regulation, the Commission should be granted implementing powers for the purposes of adopting implementing acts concerning work programmes laying down strategic priorities, the selection of simple programmes, the implementing, monitoring and control arrangements of simple programmes, the rules concerning the conclusion of contracts for the implementation of simple programmes selected in accordance with this Regulation, and the common impact assessment framework for programmes. These powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council<sup>17</sup>.
- (21) In order to achieve greater consistency between the different promotion measures under the first pillar of the CAP, it must be ensured that existing information provision and promotion measures coming under Regulation (EU) No .../20... [COM(2011)626] of the European Parliament and of the Council<sup>18</sup> are compatible with the strategic priorities to be defined at horizontal level on the basis of this Regulation.

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<sup>17</sup> Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

<sup>18</sup> Regulation (EU) No XXX/20.. of the European Parliament and of the Council establishing a common organisation of the markets in agricultural products (OJ ...).

- (22) Given the links that exist between the promotion policy and the other instruments of the CAP, the objectives of this Regulation may be more effectively achieved at Union level owing to the multiannual guarantee of Union funding and its concentration on clearly defined priorities. This Regulation is therefore consistent with the principle of subsidiarity as set out in Article 5(3) of the Treaty on European Union. Since the scope of this Regulation is limited to what is necessary in order to achieve its objectives, it also respects the principle of proportionality set out in Article 5(4) of that Treaty.

HAVE ADOPTED THIS REGULATION:

## **Chapter I**

### **GENERAL PROVISIONS**

#### *Article 1*

##### ***Purpose***

Information provision and promotion measures for agricultural products and certain food products based on agricultural products (hereinafter referred to as ‘information provision and promotion measures’) implemented on the internal market or in third countries may be fully or partially financed from the Union budget under the conditions set out in this Regulation.

#### *Article 2*

##### ***Measures on the internal market***

The eligible measures on the internal market are as follows:

- a) information measures aimed at stressing the specific features of agricultural productions methods in the Union, particularly in terms of food safety, authenticity, nutritional and health aspects, animal welfare or respect for the environment;
- b) information measures on the themes referred to in Article 5(4);

#### *Article 3*

##### ***Measures in third countries***

The eligible measures in third-countries are as follows:

- a) information measures aimed at stressing the characteristics of agricultural and food products and on the themes referred to in Article 5(4);
- b) promotion measures aimed at increasing sales of agricultural and food products from the EU.

## Article 4

### *Characteristics of the measures*

1. Information provision and promotion measures shall not be brand-oriented. Nevertheless, product brands may be visible during demonstrations or tastings and on information and promotional material, subject to compliance with specific conditions to be adopted pursuant to Article 6(a).
2. Information measures shall not encourage the consumption of any product on grounds of its origin. Nevertheless, the origin of products may be visible on information and promotional material subject to compliance with specific conditions to be adopted pursuant to Article 6(b).
3. Information provision and promotion measures shall be implemented in the context of:
  - a) information and promotion programmes (hereinafter referred to as ‘programmes’) aimed, on the basis of a set of coherent operations, at improving information on the themes or products in question and the sale of those products;
  - b) Commission initiatives.

## Article 5

### *Eligible products and themes*

1. The following products may be the subject of the information provision and promotion measures referred to in Article 3 and illustrate the production methods and themes referred to in Article 2 and in Article 3(a).
  - a) the agricultural products listed in Annex I to the Treaty on the Functioning of the European Union (hereinafter referred to as ‘the Treaty’), excluding the fishery and aquaculture products listed in Annex 1 to Regulation (EU) No [COM(2011)416] of the European Parliament and of the Council<sup>19</sup> and tobacco;
  - b) the food products based on agricultural products listed in point I of Annex I to Regulation (EU) No 1151/2012 of the European Parliament and of the Council;
  - c) spirit drinks with a protected geographical indication pursuant to Regulation (EC) No 110/2008 of the European Parliament and of the Council<sup>20</sup>.

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<sup>19</sup> Regulation (EC) No [COM(2011)416] of ... on the common organisation of the markets in fishery and aquaculture products (OJ ...).

<sup>20</sup> Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89 (OJ L 39, 13.2.2008, p. 16).

2. Wine may be the subject of information provision and promotion measures provided that other products as referred to in paragraph 1(a) or (b) are also covered by the programme in question.
3. With regard to spirit drinks as referred to in paragraph 1(c) and wine as referred to in paragraph 2, measures targeting the internal market shall be limited to informing consumers of the European quality schemes relating to geographical indications.
4. The themes referred to in Article 2(b) and Article 3 shall be as follows:
  - a) the quality schemes established by Regulation (EU) No 1151/2012, Regulation (EC) No 110/2008 and Article 70 of Regulation (EU) XXX/20.. of the European Parliament and of the Council [of ... establishing a common organisation of the markets in agricultural products (Single CMO Regulation) (COM(2011)626)];
  - b) the organic production method as defined by Council Regulation (EC) No 834/2007<sup>21</sup>;
  - c) the logo for quality agricultural products specific to the outermost regions of the Union, as defined by Article 21 of Regulation (EU) No 228/2013 of the European Parliament and of the Council<sup>22</sup>.

## *Article 6*

### ***Delegated powers***

The Commission shall be empowered to adopt delegated acts in accordance with Article 23 concerning:

- a) the specific conditions for the visibility of commercial brands during product demonstrations or tastings and on information and promotional material, as referred to in Article 4(1);
- b) the conditions for indicating the origin of products, as referred to in Article 4(2).

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<sup>21</sup> Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91 (OJ L 189, 20.7.2007, p. 1).

<sup>22</sup> Regulation (EU) No 228/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in the outermost regions of the Union and repealing Council Regulation (EC) No 23/2006 ( OJ L 78, 20.3.2013, p. 23).



## Chapter II

# IMPLEMENTATION OF INFORMATION PROVISION AND PROMOTION MEASURES

## SECTION 1

### COMMON PROVISIONS

#### *Article 7*

#### ***Proposing organisations***

A programme may be proposed by:

- a) national trade or inter-trade organisations;
- b) trade or inter-trade organisations of the Union;
- c) producer organisations or associations of producer organisations, as defined by Articles 106 and 107 of Regulation (EU) XXX/20.. of the European Parliament and of the Council [of ... establishing a common organisation of the markets in agricultural products (Single CMO Regulation) (COM(2011)626)].

#### *Article 8*

#### ***Work programme***

1. Information provision and promotion measures shall contribute to strengthening the competitiveness of European agriculture both on the internal market and in third countries. The objectives to be attained shall be set out in the work programme referred to in paragraph 2.
2. The Commission shall, by means of an implementing act, adopt a work programme setting out the objectives pursued, the priorities, the expected results, the implementing arrangements and the total amount of the financing plan. It shall also contain the main evaluation criteria, a description of the measures to be financed, an indication of the amounts allocated to each type of measure and an indicative implementation timetable and, in the case of grants, the maximum rate of co-financing.  

The implementing act referred to in the first subparagraph shall be adopted in accordance with the advisory procedure referred to in Article 24(3).
3. The work programme referred to in paragraph 1 shall be implemented through the publication by the Commission:

- a) for simple programmes, of a call for proposals indicating, notably the conditions for participation and the main assessment criteria;
- b) for multi programmes, of a call for proposals in accordance with Title VI of Part I of Regulation (EU, Euratom) No 966/2012<sup>23</sup>.

#### *Article 9*

#### ***Programmes***

For the purposes of this Regulation the following definitions shall apply:

- a) ‘simple programme’ shall mean a programme which may be submitted by one or more proposing organisations, as referred to in Article 7(a) or (c), from one and the same Member State;
- b) ‘multi programme’ shall mean a programme which may be submitted either by several proposing organisations, as referred to in Article 7(a) or (c), from several Member States, or by one or more European organisations, as referred to in Article 7(b).

#### *Article 10*

#### ***Measures on the initiative of the Commission***

1. The Commission may carry out information and promotion measures as described in Articles 2 and 3. These measures may in particular take the form of participation in trade fairs and exhibitions of international importance by means of stands or operations aimed at enhancing the image of Union products.
2. The Commission shall develop technical support services, in particular with a view to encouraging awareness of different markets, maintaining a dynamic professional network around information and promotion policy and improving knowledge of legislative provisions concerning programme development and implementation.

#### *Article 11*

#### ***No double funding***

Information provision and promotion measures receiving other European funding, including under Regulation (EU) XXXX/20.. of the European Parliament and of the Council [of ... on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (COM(2011)627)<sup>24</sup>] or under Regulation (EU) XXX/20... [of the European

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<sup>23</sup> Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1).

<sup>24</sup> Regulation (EU) No ... of the European Parliament and of the Council establishing a common organisation of the markets in agricultural products (OJ ...).

Parliament and of the Council of ... establishing a common organisation of the markets in agricultural products (Single CMO Regulation) (COM(2011)626)], may not receive Union funding under this Regulation.

## **SECTION 2**

### **IMPLEMENTATION AND MANAGEMENT OF SIMPLE PROGRAMMES**

#### *Article 12*

##### ***Selection of simple programmes***

1. The Commission shall assess and select proposals for simple programmes further to the call for proposals referred to in Article 8(3)(a).
2. The Commission shall, by means of implementing acts, decide on the simple programmes selected, on any changes to be made to them, and on the corresponding budgets. Those acts shall be adopted in accordance with the examination procedure referred to in Article 24(2).

#### *Article 13*

##### ***Bodies responsible for implementing simple programmes***

After competitive tendering has been duly carried out, the proposing organisation shall choose the bodies that will implement simple programmes that have been selected, with a view, in particular, to ensuring that measures are implemented effectively.

#### *Article 14*

##### ***Implementation, monitoring and control of simple programmes***

1. The Member States concerned shall be responsible for the proper implementation of the simple programmes selected in accordance with Article 12 and for the relevant payments. The Member States shall ensure that information and promotional material produced in the context of these programmes complies with Union rules.
2. The Member States shall implement, monitor and control simple programmes in accordance with Regulation (EU) No XXXX/20.. of the European Parliament and of the Council [of ... on the financing, management and monitoring of the common agricultural policy (COM(2011) 628)] and in line with the implementing rules to be adopted under Article 22, in (a) of the first paragraph.

#### *Article 15*

##### ***Financial provisions relating to simple programmes***

1. The Union's financial contribution to simple programmes shall not exceed 50 % of the eligible expenditure. The remaining expenditure shall be borne exclusively by proposing organisations.
2. The percentage referred to in paragraph 1 shall be increased to 60 % for:
  - a) a simple programme targeting one or more third country(-ies);
  - b) information and promotion measures on fruit and vegetables specifically targeting children in Union educational establishments,
3. Studies to evaluate the results of promotional and information measures in accordance with Article 26 shall be eligible for Union financing under conditions similar to those governing the simple programme.
4. The Union shall fully finance expert fees linked to the selection of programmes in accordance with Article 4(2)(a) of Regulation (EU) No XXXX/20.. of the European Parliament and of the Council [of ... on the financing, management and monitoring of the common agricultural policy (COM(2011)628)].
5. In order to ensure the proper implementation of simple programmes, proposing organisations shall provide guarantees.
6. The Union shall finance information provision and promotion measures implemented on the basis of simple programmes in accordance with Article 4(1)(c) of Regulation (EU) No XXXX/20.. of the European Parliament and of the Council [of ... on the financing, management and monitoring of the common agricultural policy (COM(2011)628)].

### **SECTION 3**

#### **IMPLEMENTATION AND MANAGEMENT OF MULTI PROGRAMMES AND MEASURES IMPLEMENTED ON THE INITIATIVE OF THE COMMISSION**

##### *Article 16*

##### ***Types of financing***

1. Financing may take one of more of the forms provided for by Regulation (EU, Euratom) No 966/2012, including:
  - a) grants for multi-programmes;
  - b) contracts for the measures implemented on the initiative of the Commission.
2. The Union shall finance information provision and promotion measures implemented on the basis of multi programmes or on the initiative of the Commission in accordance with Article 4(2)(a) of Regulation (EU) No XXXX/20.. of the European

Parliament and of the Council [of ... on the financing, management and monitoring of the common agricultural policy (COM(2011)628)].

#### *Article 17*

##### ***Evaluation of multi programmes***

The proposals for multi programmes shall be assessed and selected on the basis of the criteria announced in the call for proposals referred to in Article 8(3)(b).

#### *Article 18*

##### ***Financial provisions relating to multi programmes***

The maximum rate of co-financing shall be set at 60 % of the total eligible costs for the multi programmes. The remaining expenditure shall be borne exclusively by proposing organisations.

#### *Article 19*

##### ***Procurement with regard to measures implemented on the initiative of the commission***

Any procurement effected by the Commission in its own name or jointly with Member States shall be subject to the procurement rules set out in Regulation (EU) No 966/2012 and Delegated Regulation (EU) No 1268/2012.

#### *Article 20*

##### ***Protection of the financial interests of the Union***

1. The Commission shall take appropriate measures ensuring that, when measures financed under this Section are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and dissuasive administrative and financial penalties.
2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds.
3. The European Anti-Fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EU, Euratom) No 883/2013 of the European Parliament and

of the Council<sup>25</sup> and Council Regulation (Euratom, EC) No 2185/96<sup>26</sup> with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract relating to Union funds.

4. Without prejudice to paragraphs 1, 2 and 3, cooperation agreements with third countries and with international organisations, contracts, grant agreements and grant decisions resulting from the implementation of this Programme shall contain provisions expressly empowering the Commission, the Court of Auditors and OLAF to conduct such audits and investigations, according to their respective competences.

## **SECTION 4**

### **DELEGATED POWERS AND IMPLEMENTING POWERS**

#### *Article 21*

##### *Delegated powers*

The Commission shall be empowered to adopt delegated acts in accordance with Article 23 concerning:

- (a) the specific conditions under which each of the proposing organisations referred to in Article 7 may submit a programme, in particular with a view to guaranteeing that organisations are representative and the programme is of significant scale;
- (b) the conditions under which the proposing organisation may be authorised to implement certain parts of the programme itself by way of derogation from Article 13;
- (c) the conditions governing competitive tendering on the part of the implementing bodies referred to in Article 13;
- (d) the specific conditions of eligibility with regard to simple programmes, the costs of information provision and promotion measures and, where necessary, administrative and staff costs.

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<sup>25</sup> Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p.1).

<sup>26</sup> Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

## Article 22

### ***Implementing powers***

The Commission shall, by means of implementing acts, adopt:

- a) the arrangements for implementation, monitoring and control referred to in Article 14(2);
- b) the rules relating to the conclusion of contracts for the implementation of the simple programmes selected under this Regulation.

Such implementing acts shall be adopted in accordance with the examination procedure referred to in Article 24(2).

## **Chapter III**

# **DELEGATIONS OF POWERS, IMPLEMENTING PROVISIONS, TRANSITIONAL AND FINAL PROVISIONS**

## **SECTION 1**

### **DELEGATIONS OF POWERS AND IMPLEMENTING PROVISIONS**

## Article 23

### ***Exercise of the delegation***

1. The power to adopt delegated acts shall be conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in this Regulation shall be conferred on the Commission for an indeterminate period of time from the date of entry into force of this Regulation.
3. The delegation of power referred to in this Regulation may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

5. A delegated act adopted pursuant to this Regulation shall enter into force only if no objection has been expressed either by the Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council, or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period may be extended by two months at the initiative of the European Parliament or the Council.

#### *Article 24*

##### ***Committee***

1. The Commission shall be assisted by the Committee for the Common Organisation of the Agricultural Markets set up by Article 162 of Regulation (EU) XXXX/20.. [of the European Parliament and of the Council of ... establishing a common organisation of the markets in agricultural products (Single CMO Regulation)].

That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.
3. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.

## **SECTION 2**

### **CONSULTATION, ASSESSMENT AND REPORTING**

#### *Article 25*

##### ***Consultation***

In the context of implementing this Regulation, the Commission may consult the Advisory Group on Promotion of Agricultural Products established by Commission Decision 2004/391/EC<sup>27</sup>.

#### *Article 26*

##### ***Evaluation of the impact of measures***

In accordance with the common monitoring and evaluation framework for the common agricultural policy provided for in Article 110 of Regulation (EU) No .../20..

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<sup>27</sup> Commission Decision 2004/391/EC of 23 April 2004 on the advisory groups dealing with matters covered by the common agricultural policy (OJ L 120, 24.4.2004, p. 50).



[COM(2011)628], the Commission, acting pursuant to Article 24(2), shall determine the common framework for assessing the impact of information and promotion programmes financed under this Regulation as well as a system of indicators.

All interested parties shall provide the Commission with all the data and information necessary to enable the impact of measures to be assessed.

#### *Article 27*

##### ***Report***

By not later than 31 December [2020], the Commission shall submit to the European Parliament and the Council a report on the application of this Regulation together with any appropriate proposals.

### **SECTION 3**

#### **AMENDING, TRANSITIONAL AND FINAL PROVISIONS**

#### *Article 28*

##### ***Amendment of Regulation (EU) No .../20... [COM(2011)626]***

Regulation (EU) No .../20... [COM(2011)626] is hereby amended as follows:

a) The following subparagraph shall be added to Article 34(2):

‘The national strategy shall be compatible with the strategic priorities defined in the work programme referred to in Article 6 of Regulation (EU) No XXX of the European Parliament and of the Council\*.

\* Regulation (EU) No XXX of the European Parliament and of the Council of ... on information provision and promotion measures for agricultural products on the internal market and in third countries (OJ L.....)’.

b) In Article 43, the following paragraph shall be added:

‘5. The measures referred to in paragraph 1 shall be compatible with the strategic priorities defined in the work programme referred to in Article 6 of Regulation (EU) No XXX.’

#### *Article 29*

##### ***State aid***

By way of derogation from Article 146 of Regulation (EU) XXXX/20.. [of the European Parliament and of the Council\* of ... establishing a common organisation of the markets in

agricultural products (Single CMO Regulation) (COM(2011)626)] and from Article 3 of Council Regulation (EC) No 1184/2006<sup>28</sup>, and by virtue of Article 42, first subparagraph, of the Treaty, Articles 107, 108 and 109 of the Treaty shall not apply to payments made by Member States pursuant to this Regulation and in compliance with its provisions, nor to financial contributions coming from Member States' parafiscal charges or mandatory contributions in the case of programmes eligible for Union support pursuant to Article 42, second subparagraph, of the Treaty which the Commission has selected in accordance with this Regulation.

#### *Article 30*

##### ***Repeal***

Regulation (EC) No 3/2008 is hereby repealed.

References to the repealed Regulation shall be construed as being references to this Regulation and shall be read in accordance with the correlation tables set out in the Annex to this Regulation.

#### *Article 31*

##### ***Transitional provisions***

The Commission shall be empowered to adopt delegated acts in accordance with Article 23 in order to ensure a smooth transition between the application of the provisions of Regulation (EC) No 3/2008 and those of this Regulation.

#### *Article 32*

##### ***Entry into force and date of application***

This Regulation shall enter into force on the twentieth day following its publication in the *Official Journal of the European Union*.

[It shall apply from ....]

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

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<sup>28</sup> Council Regulation (EC) No 1184/2006 of 24 July 2006 applying certain rules of competition to the production of, and trade in, agricultural products (OJ L 214, 4.8.2006, p. 7).

## ANNEX

### CORRELATION TABLE as referred to in Article 30

Regulation (EC) No 3/2008	This Regulation
Article 1(1), first subparagraph	Article 1
Article 1(1), second subparagraph	Article 4(3)(a)
Article 1(2)	Article 4(1) and (2)
Article 2	Articles 2 and 3
Articles 3 and 4	Article 5
Article 5	Article 8(2)
Article 6(1)	Article 7
Article 6(2)	---
Article 7	---
Article 8	Articles 12 and 17
Article 9	---
Article 10	Article 10
Article 11	Article 13
Article 12(1)	---
Article 12(2)	Article 14
Article 13(1)	Article 16(1)(b)
Article 13(2), first subparagraph	Article 15(1)
Article 13(2), second subparagraph	Article 15(2)
Article 13(2), third subparagraph	---
Article 13(3), (4) and (5)	---
Article 13(6)	Article 29
Article 14	Article 15(6) and Article 16(2)
Articles 15 and 16	Articles 23 and 24
Article 17	Article 25
Article 18	Article 27
Article 19	Article 30
Article 20	Article 32

Regulation (EC) No 3/2008 as aligned with the provisions of the Treaty of Lisbon further to the proposal for a Regulation (EU) No XXXX/20.. [COM(2011)663]	This Regulation
Article 1(1), first subparagraph	Article 1
Article 1(1), second and third subparagraphs	Article 4(3) and Article 8(2)
Article 1(2)	Article 4(1) and (2)
Article 1(3)	Article 8(2)
Article 1(4)	---
Article 2	Articles 2 and 3
Articles 3 and 4	Article 5
Article 5	Article 8(2)

Article 6(1)	Article 7
Article 6(2)	---
Article 7	---
Article 8	Articles 12, 17 and 18
Article 9	---
Article 10	Article 10
Article 11	Articles 13, 19 and 21(b)
Article 12(1)	---
Article 12(2) and (3)	Article 14
Article 13(1)	Article 16(1)(b)
Article 13(2), first subparagraph	Article 15(1)
Article 13(2), second subparagraph	Article 15(2)
Article 13(2), third subparagraph	---
Article 13(3), (4) and (5)	---
Article 13(6)	Article 29
Article 13(7)	Article 11
Article 13(8)	Article 15(5)
Article 13(9)	Article 22
Article 14	Article 15(6) and Article 16(2)
Article 15 a	---
Article 16 a	Article 23
Article 16 b	Article 24
Article 17	Article 25
Article 18	Article 27
Article 19	Article 30
Article 20	Article 32

## LEGISLATIVE FINANCIAL STATEMENT

### 1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

#### 1.1. Title of the proposal

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

#### 1.2. Policy area(s) concerned in the ABM/ABB structure<sup>29</sup>

Policy Area Title 05 of Heading 2

#### 1.3. Nature of the proposal

The proposal relates to a **new action**

The proposal relates to a **new action following a pilot project/preparatory action**<sup>30</sup>

The proposal relates to **the extension of an existing action**

The proposal relates to **an action redirected towards a new action**

The proposal relates to the extension of an existing action but with the introduction of new aspects.

#### 1.4. Objective(s)

##### 1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal*

The proposal aims to promote the efficient use of resources with a view to ensuring smart, sustainable growth for EU agriculture in accordance with the Europe 2020 strategy.

As a CAP tool, the European policy for the promotion of agricultural products pursues the objectives of CAP reform up to 2020, and more particularly the objective of strengthening the competitiveness of the agricultural sector both on the internal market and in third countries.

##### 1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

###### Target

To improve the competitiveness of the agricultural sector and enhance its value share in the food chain

<sup>29</sup> ABM: *Activity-Based Management* – ABB: *Activity-Based Budgeting*.

<sup>30</sup> As referred to in Article 54(2)(a) or (b) of the Financial Regulation.

ABM/ABB activity(ies) concerned:

05 02 'Interventions in agricultural markets'

#### 1.4.3. *Expected result(s) and impact*

Further to this proposal, the promotion policy will be given an overall strategy allowing it to respond in a targeted and effective way to economic opportunities in third countries relating, for example, to free-trade agreements and to the need for information on the merits of European agricultural products.

The promotion strategy will define messages to be imparted, highlighting the specific elements of the CAP, including its sustainable production methods and quality schemes.

In terms of jobs, the impact will be linked to the expected economic repercussions, but this proposal should contribute to maintaining jobs in the agricultural and food sectors, especially in SMEs (by dint of the priority which the strategy gives to them), which account for 99 % of agri-food businesses and 63 % of jobs in this sector.

An increase in the number of programmes involving organisations from different EU countries ('multi-country programmes') with high European added value is expected as a result of the simplification of selection and management to be achieved at Commission level, without Member States being involved at an intermediate stage.

#### 1.4.4. *Indicators of results and impact*

Indicators have been established at three levels according to the objectives:

Impact indicators:

- European agricultural balance of trade;
- Farm incomes.

Result indicators:

- European agricultural exports;
- Value of output of products subject to European quality designations and the scale of organic farming (indicators which indirectly measure the strategy's success – priority themes, etc.);
- Consumers' perception of the image of products (surveys, Eurobarometer reports, etc.).

Achievement indicators:

- Number of programmes (internal market/third countries)
- New beneficiaries (new proposing organisations as a proportion of the total number of proposing organisations);
- Number of multi-country programmes.

## 1.5. Grounds for the proposal

### 1.5.1. Requirement(s) to be met in the short or long term

The main problem is the increased pressure on the competitiveness of the agricultural sector resulting from three different factors:

- Strong competition from third countries vis-à-vis European agricultural products;
- An increase in requirements to be met by farmers and in costs for the agricultural economy in the EU. For example, in the period 2000-12, world agricultural prices increased by 82 % while energy prices went up by 261 % and fertiliser prices by 286 %, with the sector facing the highest level of volatility in any of the last three decades;
- A low level of awareness of the merits of EU agricultural products, especially on the internal market. For example, the majority of Europeans consider that the EU's main priority in terms of agricultural and rural development policy is to ensure that agricultural products are good-quality, healthy and safe. At the same time, only 14 % of Europeans recognise the PDO<sup>31</sup>/PGI<sup>32</sup> logos, which make up one of the main European quality schemes established by the Union.

### 1.5.2. Added value of EU involvement

The common agricultural policy is a genuine European policy. Instead of having 28 separate agricultural policies, the Member States pool their resources in order to pursue a European policy with a common budget and common rules, including on the matter of promotion. In particular, in an internal market any action at EU level will have an important leverage effect in terms of (a) making it easier to set up generic information programmes which, by their very nature, are rarely implemented by the Member States or companies, particularly in the current context of economic crisis, and (b) implementing multi-country programmes which will give rise to an exchange of experiences between Member States and to economies of scale.

### 1.5.3. Lessons learned from similar experiences in the past

Information provision and promotion measures have always formed part of the CAP. Since 1999, the CAP has been specifically supporting information provision and promotion measures within the European agricultural and agri-foods sectors on the internal market and in third countries on the basis of a horizontal scheme for providing information on and promoting agricultural products.

There are several indications that a European promotion policy plays a positive role, ultimately enabling European agricultural producers to be rewarded for their efforts in complying with the high standards required by the CAP:

- In 2009, the European Court of Auditors audited the scheme, focussing on the effectiveness of information provision and promotion measures and on the regularity

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<sup>31</sup> Protected designation of origin

<sup>32</sup> Protected geographical indication

of expenditure. The Court is favourably disposed to the scheme, even if it is difficult to quantify its impact<sup>33</sup>;

- The conclusions of the evaluation of the scheme also allowed an assessment to be made of the current scheme<sup>34</sup>;

- Although coming under a different public policy, a cost-benefit analysis of the market development programmes managed by the USDA concluded that US agricultural exports are increased by USD 35 for each additional dollar spent via these promotion programmes, and that cutting the public promotion budget by 50 % would result in agricultural exports falling by an estimated USD 9 billion. Without being able to guarantee the value of these figures, it is interesting to note their clearly positive nature in confirming the positive value of public policies of supporting information provision and promotion measures for agricultural products<sup>35</sup>.

#### 1.5.4. *Compatibility and possible synergy with other appropriate instruments*

While taking account of the specific characteristics of different sectors, the proposal sets out to enhance the synergies between this horizontal promotion scheme and the various sectoral arrangements existing under the CAP by means of the promotion strategy and the development of a common identity, including as regards visual elements and content, for all promotions measures.

### 1.6. **Duration and financial impact**

Proposal with a **limited duration**

-  Proposal in force from ... to ...

-  Financial impact from ... to ...

Proposal of **unlimited duration**

- Implementation with a start-up period in: (See 3.2.1 below)

- followed by full-scale operation.

### 1.7. **Management mode(s) planned<sup>36</sup>**

**Direct management** by the Commission

-  By its departments, including by its staff in the Union delegations;

-  by the executive agencies

<sup>33</sup> Point V of the Executive Summary of Report No 10/2009 of the European Court of Auditors on 'Information provision and promotion measures for agricultural products'.

<sup>34</sup> [http://ec.europa.eu/agriculture/eval/reports/promotion/index\\_en.htm](http://ec.europa.eu/agriculture/eval/reports/promotion/index_en.htm)

<sup>35</sup> <http://www.wheatworld.org/wp-content/uploads/trade-global-insight-map-report-march2010-20100423.pdf>

<sup>36</sup> Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: [http://www.cc.cec/budg/man/budgmanag/budgmanag\\_en.htm](http://www.cc.cec/budg/man/budgmanag/budgmanag_en.htm)



X **Shared management** with the Member States

**Indirect management** by entrusting budget implementation tasks to:

- third countries or the bodies they have designated;
- international organisations and their agencies (please specify);
- the EIB and the European Investment Fund;
- bodies referred to in Articles 208 and 209 of the Financial Regulation;
- public law bodies;
- bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;
- bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
- persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.
- *If more than one management mode is indicated, please provide details in the "Comments" section.*

Comments

The scheme is at present managed on the basis of shared management (main expenditure linked to the implementation of programmes) and centralised direct management (information provision and promotion measures at the Commission's initiative).

The management modes involved in the proposal are those of shared management and direct management.

In compliance with Article 3(4) of Regulation (EC) No 58/2003, the Commission intends to outsource certain tasks relating to the direct management of information provision and promotion measures, in particular for multi-country programmes, to an existing executive agency with the aim of providing a more efficient service and enhancing the EU's visibility in its information provision and promotion measures for agricultural products.

## 2. MANAGEMENT MEASURES

### 2.1. Monitoring and reporting rules

The rules require that programmes be assessed. At present these assessments take place each year and are supplemented by an overall assessment at the end of the programme. A common framework for assessing the impact of measures will be established in line with the common monitoring and evaluation framework of the CAP.

The assessment of information provision and promotion measures will be supplemented with regular external assessments of the scheme.

The Commission intends to submit a report on the application of the scheme to Parliament and the Council by 31 December [2020] at the latest.

## **2.2. Management and control system**

### *2.2.1. Risk(s) identified*

The horizontal information provision and promotion scheme for agricultural products has existed since 2000. It is regularly checked, and adjustments are made to monitoring and checking procedures whenever this is deemed necessary. According to the compliance audits carried out by DG AGRI and the audits of the European Court of Auditors, the main risks which have been identified for information provision and promotion measures are linked to the intangible nature of some expenditure and the implementation of measures outside the EU's borders.

### *2.2.2. Information concerning the internal control system set up*

In order to limit the risks, selection, implementation, monitoring, checking and assessment procedures will be defined.

In particular, the Commission will establish procedures for selecting the best programmes and will convert them into legal instruments. It will also establish specific conditions of eligibility with regard to the costs of measures and, depending on the nature of expenditure, will be able to apply lump sums, scales of costs, etc. It will also take account of the implementation of programmes by specialised implementing bodies, some of which will be outside the European Union. Checking procedures will be established regarding expenditure for each budget management mode.

In the case of shared management, the control framework will be based on the common checking procedures for the CAP, as reviewed as part of the reform (COM(2011)628), in particular as regards the statement of assurance to be provided each year by the head of each paying agency.

In the case of direct management, the grant control framework will be based on the rules set out in the Financial Regulation (EU, Euratom) No 966/2012, in particular as regards the implementation of the Commission's internal control standards, ex ante controls on all statements, the certification of cost methodologies and ex post audits of a sample of statements.

In the context of outsourcing the management of the promotion programme, the Commission will also carry out the checks required on executive agencies under Article 65 of the Financial Regulation. It will monitor and check that the executive agency achieves appropriate control objectives for the actions that it will be entrusted to manage. Such monitoring will be provided for in the cooperation arrangements between the parent Directorate-General and the agency.

The Commission's checks will use a risk-based approach in order to ensure that its audits target the areas of highest risk.

2.2.3. *Estimate of the costs and benefits of the controls and assessment of the expected level of risk of error*

Information provision and promotion measures will always be covered by the existing management and control system for EAGF expenditure

As regards the cost of controls by the Member States, an analysis was provided in Annex 8 of the impact analysis accompanying the legislative proposals concerning CAP reform (COM(2011)626).

As for the costs to the Commission, they will be higher than at present owing to an increase in expenditure (including a doubling of current expenditure under shared management) and, in particular, expenditure linked to programmes under direct management.

The direct management of multi programmes will be a new feature of this scheme. Only an estimate based on the costs of checking programmes of the same type would be possible. For example, one might cite programmes for the competitiveness of enterprises and SMEs (COM(2011)834).

It is not thought that the proposal will lead to an increase in the EAGF error rate.

**2.3. Measures to prevent fraud and irregularities**

The legislative package for CAP reform, in particular the proposal for a Regulation on the financing, management and monitoring of the common agricultural policy, envisages maintaining and reinforcing the current detailed systems for controls and penalties to be applied by the paying agencies, with common basic features and special rules tailored to the specific characteristics of each aid scheme. The Regulation on the financing, management and monitoring of the CAP will also apply to the future Regulation on the promotion policy.

The checking systems generally provide for exhaustive administrative controls of 100 % of aid applications, cross-checks with other databases where this is considered appropriate as well as pre-payment on-the-spot checks of a minimum number of transactions, depending on the risk associated with the regime in question. If these on-the-spot checks reveal a high number of irregularities, additional checks must be carried out.

The legislative package for CAP reform further envisages that Member States shall prevent, detect and correct irregularities and fraud, impose effective, dissuasive and proportionate penalties as laid down in Union legislation or national law, and recover any irregular payments plus interest. It includes an automatic clearance mechanism for irregularity cases, which provides that if recovery has not taken place within four years of the date of the recovery request, or within eight years in the case of legal proceedings, the amounts not recovered shall be borne by the Member State concerned. This mechanism will be a strong incentive for Member States to recover irregular payments as quickly as possible. Moreover, as regards outsourced tasks

relating to the management of the future promotion policy, the executive agency will be required to notify potential cases of fraud and irregularities to the Commission on a case-by-case basis and in the regular reports it publishes.

A rigorous checking procedure is all the more important given that the implementation of promotion measures is to be entrusted to implementing bodies with which only beneficiaries have a contractual link. Since the implementing bodies are commercial entities that are entitled to make a profit, intensive action will have to be taken to ensure that measures are implemented regularly.

### 3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL

#### 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

Following the order of multiannual financial framework headings and budget lines.

Heading of the multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Designation .....]	Diff./Non-Diff. <sup>(37)</sup>	from EFTA countries <sup>38</sup>	from candidate countries <sup>39</sup>	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
2	05 02 10 01 – Promotion measures — Payments by Member States	Non-diff.	None	None	None	None
	05 02 10 02 – Promotion measures — Direct payments by the Union	Diff.	None	None	None	None

- New budget lines requested

Following the order of multiannual financial framework headings and budget lines.

Heading of the multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Designation.....]	Diff./Non-Diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
2	05 01 04 xx – Executive Agency	Non-diff.	None	None	None	None

Notes:

The Commission plans to delegate some implementing tasks to an executive agency. If it does so, budget lines will have to be created within title 05.

<sup>37</sup> Diff. = Differentiated appropriations / Non-Diff. = Non-differentiated appropriations.

<sup>38</sup> EFTA: European Free Trade Association.

<sup>39</sup> Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

## 3.2. Estimated impact on expenditure

### 3.2.1. Summary of estimated impact on expenditure

EUR million

Heading of the multiannual financial framework:	2	Sustainable growth: natural resources Of which market related expenditure and direct payments
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DG: AGRI (*)		2014 <sup>40</sup>	2015 <sup>41</sup>	2016	2017	2018	2019	2020	TOTAL
• Operating appropriations									
05 02 10 01	Commitments (1)	0.0	0.0	4.0	5.0	9.0	36.0	36.0	90.0
	Payments (2)	0.0	0.0	4.0	5.0	9.0	36.0	36.0	90.0
05 02 10 02	Commitments (1a)	0.5	0.5	15.0	54.0	90.0	103.0	103.0	366.0
	Payments (2 a)	0.2	0.2	0.5	12.7	31.1	58.6	84.2	187.5
Appropriations of an administrative nature financed from the envelope of specific programmes <sup>42</sup>									
05 01 04 xx	(3)	pm	pm	pm	pm	pm	pm	pm	pm
<b>TOTAL appropriations for DG AGRI</b>		0.5	0.5	19.0	59.0	99.0	139.0	139.0	456.0
		0.2	0.2	4.5	17.7	40.1	94.6	120.2	277.5

<sup>40</sup>

<sup>41</sup>

<sup>42</sup>

Year N is the year in which implementation of the proposal/initiative starts. Estimates are based on the assumption that implementation will commence in 2016. The amounts for 2015 – under the pre-reform arrangements – are presented for guidance, are unchanged from 2014 and are without prejudice to the detailed estimates for 2015 to be established in connection with the 2015 draft budget. Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former ‘BA’ lines), indirect research, direct research.







<b>Heading of the multiannual financial framework:</b>	<b>5</b>	‘Administrative expenditure’ (as compared to the 2013 budget)									
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EUR million (to 3 decimal places)

	2014	2015	2016	2017	2018	2019	2020	TOTAL
DG: AGRI								
• Human resources	0.019	0.099	-0.499	-0.147	0.188	0.675	0.922	1.257
• Other administrative expenditure	0.000	0.000	0.002	0.006	0.003	-0.001	-0.001	0.009
<b>TOTAL DG AGRI</b>	0.019	0.099	-0.497	-0.141	0.191	0.674	0.921	1.266

<b>TOTAL appropriations for HEADING 5 of the multiannual financial framework</b>	0.019	0.099	-0.497	-0.141	0.191	0.674	0.921	1.266
(Total commitments = Total payments)								

EUR million (to 3 decimal places)

	2014	2015	2016	2017	2018	2019	2020	TOTAL
TOTAL appropriations for HEADINGS 1 to 5 of the multiannual financial framework								
Commitments	0.519	0.559	18.501	58.583	99.188	139.675	139.922	<b>457.266</b>
Payments	0.219	0.299	4.003	17.559	40.291	95.274	121.122	<b>278.766</b>

### 3.2.2. Estimated impact on operational appropriations

- The proposal does not require the use of operational appropriations
- The proposal requires the use of operational appropriations, as explained below:

Commitment appropriations (in million euros)

Indicate objectives and outputs	Type <sup>43</sup>	Average cost	OUTPUTS												TOTAL					
			2014	2015	2016	2017	2018	2019	2020	Number	Cost	Number	Cost	Number		Cost	Total number	Total cost		
SPECIFIC PURPOSE <sup>44</sup>			To improve the competitiveness of the agricultural sector and enhance its value share in the food chain																	
Achievement <sup>45</sup>	Number of programmes (internal market/third countries)																			
Achievement <sup>45</sup>	New beneficiaries (new proposing organisations as a proportion of the total number of proposing organisations);																			
Achievement <sup>45</sup>	Number of multi-country programmes.																			
<b>TOTAL COST</b>																				

<sup>43</sup>

<sup>44</sup>

<sup>45</sup>

Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

As described in Section 1.4.2. 'Specific objective(s)...'

In line with the common monitoring and evaluation framework of the CAP, as provided for in Article 110 of Regulation (EU) No [xxx/xxxx] on the financing, management and monitoring of the common agricultural policy [the CAP Horizontal Regulation], a common monitoring and evaluation framework will be established, and indicator tables will therefore be duly completed at a later stage.

### 3.2.3. Estimated impact on appropriations of an administrative nature

#### 3.2.3.1. Summary

- The proposal does not require the use of administrative appropriations.
- The proposal requires the use of administrative appropriations, as explained below:

EUR million (to 3 decimal places)

	2014	2015	2016	2017	2018	2019	2020	TOTAL
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<b>HEADING 5 of the multiannual financial framework</b>								
Human resources	2.508	2.588	1.990	2.342	2.677	3.164	3.411	18.680
Other administrative expenditure	0.110	0.110	0.111	0.116	0.113	0.109	0.109	0.778
<b>Sub-total HEADING 5 of the multiannual financial framework</b>	2.618	2.698	2.101	2.458	2.790	3.273	3.520	19.458

<b>Outside HEADING 5<sup>46</sup> of the multiannual financial framework</b>								
Human resources								
Other administrative expenditure								
<b>Sub-total outside HEADING 5 of the multiannual financial framework</b>								
<b>TOTAL (*)</b>	2.618	2.698	2.101	2.458	2.790	3.273	3.520	19.458

(\*) These figures might be adjusted as a result of the envisaged delegation procedure.

<sup>46</sup> Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

### 3.2.3.2. Estimated requirements of human resources

- The proposal does not require the use of human resources.
- The proposal requires the use of human resources, as explained below:

*Estimate to be expressed in full amounts (or at most to one decimal place)*

	2014	2015	2016	2017	2018	2019	2020
<b>•Establishment plan posts (officials and temporary staff)</b>							
XX 01 01 01 (Headquarters and Commission's Representation Offices)	19	19.5	13.7	15.3	17.1	20.1	21.6
XX 01 01 02 (Delegations)							
XX 01 05 01 (Indirect research)							
10 01 05 01 (Direct research)							
<b>•External personnel (in Full Time Equivalent: FTE)<sup>47</sup></b>							
XX 01 02 01 (CA, SNE, INT from the 'global envelope')	0	0.2	2.6	4.6	6.0	7.3	8.0
XX 01 02 02 (CA, LA, SNE, INT and JED in the delegations)							
XX 01 04 yy <sup>48</sup>	- at Headquarters						
	- Delegations						
XX 01 05 02 (CA, SNE, INT - Indirect research)							
10 01 05 02 (CA, INT, SNE - Direct research)							
Other budget lines (specify)							
<b>TOTAL (*)</b>	<b>19</b>	<b>19.7</b>	<b>16.3</b>	<b>19.9</b>	<b>23.1</b>	<b>27.4</b>	<b>29.6</b>

**XX** is the policy area or budget title concerned.

The human resources required will be covered by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

**(\*) This proposal is part of the programmes which are planned to be delegated to an executive agency. These figures might therefore be adjusted as a result of the delegation ultimately approved.**

Description of tasks to be carried out:

Officials and temporary staff	Implementation of the policy of promoting agricultural products
External staff	

<sup>47</sup> CA = contract agent; LA = local agent; SNE = seconded national expert; INT = agency staff ('interiminaire'); JED = young expert in delegation ('jeune expert en délégation').

<sup>48</sup> Sub-ceiling for external staff covered by operational appropriations (former "BA" lines).

#### 3.2.4. *Compatibility with the multiannual financial framework*

- Proposal is compatible with the proposals for the 2014-20 multiannual financial framework.
- The proposal will entail reprogramming of the relevant heading in the multiannual financial framework.
- The proposal requires application of the flexibility instrument or revision of the multiannual financial framework.

Notes:

The proposal relating to the 2014-20 Multiannual Financial Framework (MFF)<sup>49</sup> includes the amounts of direct payments and market-related expenditure for the first pillar of the CAP. As a precaution, the Commission has taken account of the conclusions of the European Council of 8 February 2013 concerning the MFF. Subject to the adoption of the MMF Regulation, promotion measures will be funded within the amounts of the EAGF sub-ceiling agreed by the European Council on 8 February 2013.

#### 3.2.5. *Third-party contributions*

- The proposal does not provide for co-financing by third parties.
- The proposal provides for the co-financing estimated below:

The Union's financial contribution to measures under the programme is indicated in Articles 15 and 18 of the draft regulation. At this stage, it is not possible to quantify the total amount of the contribution from third parties given that contribution rates vary according to the conditions defined in Articles 15 and 18.

### **3.3. Estimated impact on revenue**

- The proposal has no financial impact on revenue.
- The proposal has the following financial impact:
  - on own resources
  - on miscellaneous revenue

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<sup>49</sup> COM(2011)500, 29.6.2011