Council of the European Union

Brussels, 3 May 2022
(OR. en)

7639/22
ADD 6

Interinstitutional File:
2022/0089(COD)

AGRI 120
AGRISTR 17
AGRIORG 36
AGRILEG 42
CODEC 377
IA 32

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	3 May 2022
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	SWD(2022) 136 final
Subject:	COMMISSION STAFF WORKING DOCUMENT EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT Accompanying the document Proposal for a Regulation of the European Parliament and of the Council on European Union geographical indications for wine, spirit drinks and agricultural products, and quality schemes for agricultural products, amending Regulations (EU) No 1308/2013, (EU) 2017/1001 and (EU) 2019/787 and repealing Regulation (EU) No 1151/2012

Delegations will find attached document SWD(2022) 136 final.

Encl.: SWD(2022) 136 final

EUROPEAN
COMMISSION

Brussels, 2.5.2022
SWD(2022) 136 final

COMMISSION STAFF WORKING DOCUMENT

EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT

Accompanying the document

Proposal for a Regulation of the European Parliament and of the Council

on European Union geographical indications for wine, spirit drinks and agricultural products, and quality schemes for agricultural products, amending Regulations (EU) No 1308/2013, (EU) 2017/1001 and (EU) 2019/787 and repealing Regulation (EU) No 1151/2012

{COM(2022) 134 final} - {SEC(2022) 197 final} - {SWD(2022) 135 final}

Executive Summary Sheet

Impact assessment on the revision of the EU geographical indications system (GIs) in agricultural products and foodstuffs, wines and spirit drinks

A. Need for action

What is the problem and why is it a problem at EU level?

In her Mission Letter, Commission President Von der Leyen mandated Commissioner Wojciechowski to "*look at ways to **strengthen the system of GIs**. It is a key part of maintaining high food quality and standards and ensuring that our cultural, gastronomic and local heritage is preserved and certified as authentic across the world*". The initiative aims at strengthening the current system of geographical indications (GIs) as intellectual property rights in line with IP Action Plan and effectively protecting the names of traditional foods. It contributes to the objectives pursued by the Common Agricultural Policy, in particular to improve the response of EU agriculture to societal demands on food and health and thus addresses European Green Deal and Farm to Fork Strategy. An evaluation support study on Geographical Indications and Traditional Specialities Guaranteed was carried out in 2020. A Staff Working Document on the evaluation was published in December 2021. Six problems have been identified as follows:

For producers:
(1) Challenges and gaps in enforcement of GIs: weaknesses in controls (especially in the downstream stages of the value chain) and difficulties to enforce producers' rights outside the Member State of production and on internet;
(2) Imbalances in the food supply chain: GI producer groups not having a strong position in the food supply chain to keep securing a fair return for their product;

For consumers:
(3) Contribution to sustainability insufficiently reflected in GI schemes;
(4) Low awareness and understanding of GI logos by consumers, resulting in limited effectiveness of the schemes to provide clear information to consumers;

For the regulatory framework:
(5) Complex GI rules and procedures: rules on GI schemes 'spread' over 4 basic acts with slightly diverging legal terminology, adding to the complexity of the system;
(6) The scheme for traditional specialities guaranteed (TSG) not successful, with a low number of names registered in its 28 years of existence.

Enforcement, management of applications to register a name, functioning of GI producer groups, and information about the GI and TSG schemes are hampered due to rules and procedures laid down in four sector specific EU Regulations, that due to historical reasons or product specificities differ. The call for more sustainable food systems (cf. Farm to Fork Strategy) is guiding the integration of sustainability criteria into GI schemes. Lack of a clear definition of GI producer groups, combined with a challenge to bring producers together in an active organisation, hampers the effective management of their GI asset. Lack of information and publicity has been identified as the main cause for the low level of recognition and understanding of the schemes.

The TSG registration process is considered to be complex and demanding.

To address the above issues adequately, legal modifications are required. Without any intervention at EU level, the issues identified above will persist and some would even deteriorate. The GI schemes implement

the Union's obligations under the WTO TRIPS (Trade-Related Aspects of Intellectual Property Rights) agreement to provide the legal means to protect GIs of all WTO members in the EU. The Union also has a responsibility to ensure protection of intellectual property rights under the EU Charter of Fundamental Rights. GIs add value to products, thereby increasing income in the agri-food sector. The most affected stakeholders are the GI producers and producer groups, consumers as well as national and Union-level authorities.

What should be achieved?

The initiative aims to ensure the effective protection of intellectual property rights for GIs in the EU and to increase the uptake of GIs and TSGs across the EU. This has been formulated into six specific objectives:

- Improve enforcement of GI rules to better protect IPR and better protect GIs on the internet
- Contribute to make the Union's food system more sustainable by addressing sustainability issues
- Empower producers and producer groups to better manage their GI asset
- Increase correct market perception and consumer awareness of GI schemes
- Streamline and clarify the legal framework to simplify and harmonise the procedures
- Better valorise and preserve traditional products and production methods

What is the value added of action at the EU level (subsidiarity)?

The GI schemes provide for the protection or reservation of value-adding names and terms throughout the Union's territory. If protected by Member States individually, the terms and names would enjoy different levels of protection in each Member State or might even not enjoy protection at all, which could mislead consumers, impede intra-Union trade, and make way for unequal competition in marketing products identified by value-adding names and terms. Protection of IPR across the Union can only be done effectively and efficiently at Union level.

B. Solutions

What are the various options to achieve the objectives? Is there a preferred option or not? If not, why?

Option 1 – Improve and support aims at improving the instruments already in place and providing further support to producers, Member States' authorities and other stakeholders with a focus on guidance.

Option 2 – Better define and reinforce will reinforce the protection of GIs and improve the level playing field amongst operators through aligned control procedures; better define the roles of GI producer groups; clarify the legal terminology; make the use of the Union logo flexible while keeping status-quo for agricultural products; introduce sustainability criteria in the product specification on a voluntary basis; provide one set of procedural rules across sectors and outsource a part of the application scrutiny to an agency. Under this option, TSG scheme is kept with clarified rules on scope and protection.

Option 3 – Harmonise and upgrade will ensure full harmonisation through the creation of a single Regulation with unified enforcement and control rules as well as streamlined provisions on protection and procedural rules. Prescribed Union logo becomes obligatory across all sectors. Producers include sustainability criteria in the product specification while specific guidelines to further empower GI producer groups are provided. The registration of GIs is in hands of an agency without Commission involvement. TSGs can be protected through existing EU instruments (e.g. trade marks).

In addition, **cross-cutting actions** will be implemented regardless of the selected option. They will cover communication and information actions, guidelines on GI applications and full digitalisation of the application process.

Option 2 appears to have more merits than others, as it scores the highest as regards the comparison of costs and benefits, when it is combined with certain actions from options 1 and 3.

What are different stakeholders' views? Who supports which option?

Option 2 reflects the most preferred types of actions identified through stakeholders' consultations including the Conference on Strengthening GIs, the open public consultation, consultations in the framework of Civil Dialogue Groups and Member States' expert group for Sustainability and Quality and of Agriculture and Rural Development (including targeted questionnaires) as well as targeted meetings with GI organisations.

C. Impacts of the preferred option

What are the benefits of the preferred option (if any, otherwise of main ones)?

Increased efficiency in handling the applications to register a name will result in shorter registration times, with the time saving up to 36 months. Uniform enforcement standards will lead to improved protection of GIs and a level playing field for all operators in the internal market. Proposed actions will facilitate the collective organisation of the GI producer groups and strengthen their position in managing and marketing their GI asset thereby ensuring a fair return for their production. In addition, spill over effects on tourism and downstream processing are expected. GI legislation will be easier to implement thanks to legal clarifications. A flexible use of the EU logo for wines and spirit drinks will increase the visibility of the EU message about GIs and help consumers to make better-informed purchasing decisions. More GIs will be produced in a sustainable manner having positive impacts in terms of biodiversity protection, animal welfare, the management of natural resources and landscapes, and their contribution to healthy, sustainable diets, provided that the comprehensive and tangible sustainability commitments are taken up by most producer groups.

What are the costs of the preferred option (if any, otherwise of main ones)?

As producers will benefit from faster and better protection, the costs, notably those related to the length of the registration procedure and resources needed, will decrease. Voluntary inclusion by the GI producer group of sustainability criteria in the product specification will entail additional compliance and certification costs that could be partly offset by support measures in the framework of rural development policy. Considering the variety of products registered as GI and the different organisational set-up of GI producer groups and controls, also depending on the systems put in place at national level, no one fits for all quantification of the costs can be provided; an estimate is provided in the corresponding Annex to the Impact Assessment Report.

What are the impacts on SMEs and competitiveness?

Considering that around 90% of GIs reach a sales value below EUR 50 million, it can be concluded that most GI producers qualify as SMEs. This means that all impacts identified in the impact assessment report apply to them. The proposed actions will increase the producers' bargaining powers in the food chain and ensure that they can better address demand, thus enhancing their response to consumer needs. The recognition of the importance of the collective organisation of GI producer groups across all sectors will strengthen their position in managing and marketing their GI asset. Specific actions giving producers the possibility to set rules for packaging and the use of their GIs as ingredients, will indirectly contribute to secure higher incomes due to a decreased risk of fraud.

Will there be significant impacts on national budgets and administrations?

Guidelines and harmonised procedural rules for the registration of GIs will allow public administrations to process applications faster, to the benefit of the public purse. As the rules and procedures will provide more clarity, and the e-Register and GIview database more transparency, enforcement authorities and courts will find them easier to apply.

Will there be other significant impacts?

The preferred option will have impacts on the functioning of the internal market and competition, the protection of GIs as an intellectual property right (in line with WTO/TRIPS and the European Charter on fundamental rights), sustainable development, and economic and social cohesion. Non-EU operators will be affected in a similar way as those from the EU.

Proportionality?

The proposed actions are proportionate in addressing the identified problems. Option 2 scores the highest as regards the comparison of costs and benefits for GI producers. While producers will benefit from a faster and better protection, the costs, notably related to the length of the registration procedure and resources needed, will decrease which could offset costs related to the investments in sustainability.

D. Follow up

When will the policy be reviewed?

In line with the 2016 Inter-institutional Agreement on Better Law-Making, where three Institutions agree to systematically consider the use of review clauses in legislation and to take account of the time needed for implementation and gathering evidence on results and impacts, the Commission shall carry out an evaluation of this Regulation no sooner than five years after the date of application of this Regulation.