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COVER NOTE

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date of receipt:	3 May 2022
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

No. Cion doc.:	SEC(2022) 197 final
Subject:	REGULATORY SCRUTINY BOARD OPINION 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 SEC(2022) 197 final.

Encl.: SEC(2022) 197 final



EUROPEAN COMMISSION

Brussels, 25.10.2021
SEC(2022) 197 final

REGULATORY SCRUTINY BOARD OPINION

**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}
{SWD(2022) 135 final}
{SWD(2022) 136 final }



EUROPEAN COMMISSION
Regulatory Scrutiny Board

Brussels,
RSB

Opinion

Title: Impact assessment / Revision of the EU geographical indications (GI) systems in agricultural products and foodstuffs, wines and spirit drinks

Overall 2nd opinion: POSITIVE WITH RESERVATIONS

(A) Policy context

EU legislation protects the names of specific agri-food products through two main schemes: geographical indications and traditional specialties guaranteed. The objective is to promote such products' unique characteristics linked to their geographical origin or to their traditional production methods.

Geographical indications (GI) are protected under intellectual property rights. They include Protected Designations of Origin for food and wine (PDO), Protected Geographical Indications for food and wine (PGIs) and Geographical Indications for spirit drinks and aromatised wine (GI). Traditional specialties guaranteed (TSG) highlight the traditional aspects, such as the way in which the product is made or its composition, without being linked to a specific geographical area or protecting intellectual property rights.

This revision aims to streamline GI and TSG procedures for producer groups and authorities. It aims to protect GIs and TSGs against misuse. It also plans to include sustainability aspects in the product specifications according to the farm to fork strategy and to increase consumer awareness and understanding of the labels.

(B) Summary of findings

The Board notes the additional information that has been provided regarding sustainability, healthy diets, the use of logos and organised producer groups.

However, the report still contains significant shortcomings. The Board gives a positive opinion with reservations because it expects the DG to rectify the following aspects:

- (1) The selection of the preferred set of policy actions is not coherent with the rest of the report. The report does not provide a clear identification and consistent assessment and comparison of alternative policy action packages.**
- (2) The report does not sufficiently justify the preferred policy action regarding the involvement of an agency.**

This opinion concerns a draft impact assessment which may differ from the final version.

(3) The views of different categories of stakeholders are not sufficiently reflected in the main report.

(C) What to improve

(1) The report should identify and justify alternative packages of policy actions upfront. It should integrate the measures included in the current preferred policy package, which is a combination of measures from different options that was identified only after the analysis, in a self-standing option. This option could either be an additional alternative policy package or one of the existing policy packages could be redesigned in a way that it includes all the measures of the preferred policy package. Either way, the report should then assess and compare the impacts of the revised policy packages in a coherent and consistent manner. The selection of the preferred policy package should be informed by results of this comparative analysis.

(2) The report should explain its scores on the performance of the options. In particular, it should clarify the scores on efficiency and proportionality. The baseline score on implementation and compliance risks should be zero and the report should adjust the scores for the other options accordingly. The comparison of options should take into account the revised performance scores.

(3) While the report now presents a comparative summary analysis of the policy measures involving an agency in the main text, it should better justify the choice of the preferred agency sub-option given that that it is not the best performing one.

(4) The differentiation of stakeholder views presented in the annex should be better reflected throughout the main report.

The Board notes the estimated costs and benefits of the preferred option(s) in this initiative, as summarised in the attached quantification tables.

(D) Conclusion

The DG must revise the report in accordance with the Board's findings before launching the interservice consultation.

If there are any changes in the choice or design of the preferred option in the final version of the report, the DG may need to further adjust the attached quantification tables to reflect this.

Full title	Revision of the EU geographical indications (GI) systems in agricultural products and foodstuffs, wines and spirit drinks
Reference number	PLAN/2020/8659
Submitted to RSB on	4 October 2021
Date of RSB meeting	Written procedure

ANNEX: Quantification tables extracted from the draft impact assessment report

The following tables contain information on the costs and benefits of the initiative on which the Board has given its opinion, as presented above.

If the draft report has been revised in line with the Board's recommendations, the content of these tables may be different from those in the final version of the impact assessment report, as published by the Commission.

SUMMARY OF COSTS AND BENEFITS

<i>I. Overview of Benefits (total for all provisions) – Preferred Option</i>		
<i>Description</i>	<i>Amount</i>	<i>Comments</i>
<i>Direct benefits</i>		
Uniform enforcement standards in the internal market	n.a.	Increased protection of IPR and level playing field for competition
Increased efficiency of procedures due to the involvement of an agency (MS level scrutiny maintained)	Procedures shortened up to 3-4 years	Additional benefits due to full digitalisation of the process.
Shorter registration time	Reduction of up to 3-4 years	
Collective organisation of recognised producer groups and strengthened position	n.a.	<ul style="list-style-type: none">– Voluntary own-initiative investigations during GI lifetime: increased enforcement– Inclusion of sustainability statement in GIview– GI producer group to act in managing and marketing their GI assets– Take up roles laid down in the legislation as regards monitoring, information, promotion and legal action
Visibility of the EU message – logo – on each GI/TSG product	n.a.	Enhanced consumer information to allow for informed consumer choices
Easier implementation of EU law due to legal clarifications	n.a.	

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Contribution to balanced territorial development and to the social fabric of rural areas	n.a.	
More GIs produced in a sustainable manner	150 GIs per year	Estimated increase in GIs with higher sustainability ambition: 50 registrations and 100 amendments to product specifications per year.
Healthier products' alternatives available	50 GIs per year	Contribution to decreased malnutrition and obesity
Increased protection of biodiversity, landscapes; natural resources, animal welfare	n.a.	Due to More GIs produced in a sustainable manner
Facilitated protection of traditional food names	10 registrations per year	
Indirect benefits		
Economic and social cohesion		Due to the incentives to join the GI system
Incentives from voluntary sustainability criteria		

		Businesses		Administrations	
		One-off	Recurrent	One-off	Recurrent
Compliance with new sustainability criteria (if GI producer group has jointly defined those)	Direct costs		Dairy: +1,5% Beef: +0,5 – 3% Sheep: +0,5 – 3,5% Pig meat: 3 – 4% Poultry (broiler): 1,4 – 5,5% Wheat: 2 – 3,4% Apples: 2 – 3% Wine grapes: 2 – 4% ¹		

¹ Extrapolating from 2014 report “Assessing farmers' costs of compliance with EU legislation in the fields of environment, animal welfare and food safety”
https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/cmef/sustainability/assessing-farmers-costs-compliance-eu-legislation-fields-environment-animal-welfare-and-food-safety_en

	Indirect costs				
Active involvement in the GI producer group during GI lifetime	Direct costs		<p>Management of GI certificate: 4 hours per 6 months – 1 working day per year.</p> <p>Training and learning guidelines per year: 2 days per year</p> <p>Market intelligence and collective marketing: 2 days per year</p>		
	Indirect costs				
Obligatory labelling to be integrated into production line – additional costs likely (transitional period could be envisaged)	Direct costs		Apposition of label on the packaging (amount depends on the amount of production and type of packaging)		
	Indirect costs				
Notification of activity of TSG production to the Competent Authority (one off action)	Direct costs	4 hours (1/2 day)			
	Indirect costs				
Voluntary own-initiative investigations during GI lifetime by GI producer group	Direct costs		Enforcement (monitoring markets and internet: 2 days per year		
	Indirect costs				
Inclusion of sustainability statement in GIview	Direct costs	4 hours (1/2 day)	For updating: 4 hours (1/2 day)		
	Indirect costs				

GI producer group to act in managing and marketing their GI assets	Direct costs		<ul style="list-style-type: none"> - Training for producers: 3 days per year - Guidelines: 3 days per year - Enforcement (monitoring markets): 3 days per year - Enforcement (monitoring internet): 3 days per year - Enforcement uploading GIview / registering in IPEP: 3 days per year - Notifications of infractions and requests for action to: - Public bodies: 3 days per year - AFA to customs: 3 days per year - operators (import, retail) : 3 days per year - Internet sites / platforms: 3 days per year - Legal 'cease & desist': 3 days per year - Legal action in court: EUR 5000 per year 		
	Indirect costs				
Take up roles laid down in the legislation as regards monitoring, information, promotion and legal action	Direct costs		<ul style="list-style-type: none"> - Monitoring and reporting: 3 days per year - Market intelligence: 3 days per year - Collective marketing: 3 days per year 		
	Indirect costs				

Providing a GI certificate for each new registration (one off action)	Direct costs			4 hours (1/2 day)	
	Indirect costs				
Identification of a sole representative GI producer group for each existing/new GI (one off action)	Direct costs			1 day	
	Indirect costs				
Providing information in GIview for each new registration and updates during the GI lifetime (can be delegated to the GI producer group)	Direct costs			1 day	
	Indirect costs				
Alignment of Member States' practices in relation to ccTLDs	Direct costs			Administrative cost of aligning national rules ²	
	Indirect costs				
Alignment of procedural rules for the different sectors	Direct costs			Administrative cost of aligning national procedures, offset by 30% efficiency gains due to outsourcing of GI registration to an agency	
	Indirect costs				
Adaptation of control procedures for GIs following alignment across all sectors	Direct costs			Administrative cost of modernising and simplifying procedures	
	Indirect costs				
Adaptation of control	Direct costs			Administrative cost of	

² Quantification not possible due to variation of procedures across Member States and different validation chains in Member States' administration.

procedures for TSGs				modernising and simplifying procedures	
	Indirect costs				
Increased co-operation efforts with authorities within the Member State and across the Member States	Direct costs			2 FTEs	
	Indirect costs				
Control of labelling requirements, notably use of the EU logo also in wine and spirits sector	Direct costs			2 FTEs per inspection	
	Indirect costs				
EU scrutiny of GI applications for EUIPO	Direct costs			10 FTEs Product man-power unit cost: lower than baseline	
	Indirect costs				



EUROPEAN COMMISSION
Regulatory Scrutiny Board

Brussels,
RSB/

Opinion

Title: Impact assessment - Revision of the EU geographical indications (GI) systems in agricultural products and foodstuffs, wines and spirit drinks

Overall opinion: NEGATIVE

(A) Policy context

EU legislation protects the names of specific agri-food products through two main schemes: geographical indications and traditional specialties guaranteed. The objective is to promote such products' unique characteristics linked to their geographical origin or to their traditional production methods.

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This revision aims to streamline GI and TSG procedures for producer groups and authorities. It aims to protect GIs and TSGs against misuse. It also plans to include sustainability aspects in the product specifications according to the farm to fork strategy and to increase consumer awareness and understanding of the labels.

(B) Summary of findings

The Board notes the useful additional information provided in advance of the meeting and commitments to make changes to the report.

However, the Board gives a negative opinion, because the report contains the following significant shortcomings:

- (1) The report does not provide a clear rationale and sufficient evidence to support the need for action in the areas of sustainability, healthy diets, use of logos and supply chain imbalances.**
- (2) The report does not bring out clearly enough the available policy choices. It does not explore sufficiently alternative combinations of policy actions that could offer**

This opinion concerns a draft impact assessment which may differ from the final version.

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a better mix or are politically most relevant.

- (3) The report is not sufficiently clear on the involvement of an agency and the related costs.**
- (4) The report does not sufficiently differentiate the views of different stakeholders on key issues.**

(C) What to improve

(1) The report should provide a clear rationale and sufficient evidence to justify the need for action regarding sustainability and healthy diets. It should clarify on the basis of what standards and to what extent sustainability and healthy diets are key problems for the GI schemes that need to be tackled through this particular initiative, while being conscious of the related horizontal policy discussion and planned initiatives. It should discuss if there are any constraints for products under these schemes to include sustainability or health criteria (e.g. in adapting production processes and methods) and if this could conflict with the genuine GI objectives related to the protection of quality and characteristics of a given product, or its mode of production. It should discuss whether a differentiated approach should be pursued for products under these schemes compared to other products in relation to sustainability and healthy diets. On the basis of the above, it should discuss the dimensions and magnitude of the sustainability and healthy diet issues for the affected GI schemes that should be tackled via this initiative, while being clear on the developments taking place under the baseline scenario (e.g. voluntary initiatives).

(2) Given the proliferation of food product (sustainability) logos, the resulting consumer confusion and the overall low awareness of GI logos, the report should provide more convincing and specific evidence that the (mandatory use of the) GI logo is critical for the success of the schemes. Regarding the problem of food supply chain imbalances, the report should demonstrate with evidence that the absence of formalised producer group responsibilities in managing some of the schemes negatively affects their performance and competitiveness.

(3) The design and analysis of options should bring out more clearly the available policy choices. It should identify and analyse all politically relevant combinations of possible policy actions. The preferred option should contain the best performing combination. It is not clear why some of the sub-options cannot be included in other options packages. The report should clarify to what extent legislative sustainability criteria for GI schemes represents a feasible policy action given commitments under the TRIPS agreement.

(4) The report should better present the policy actions involving an agency in the main text. In particular, it should better assess and compare the expected efficiency savings resulting from various agency options. It should explain if involving an agency will imply a shift in resources from the Commission to the agency and what the actual overall savings in terms of full-time equivalents will be.

(5) The efficiency analysis in the comparison of options should be strengthened by a quantitative comparison of costs. This is particularly important given that it is a REFIT initiative. The figures to support the cost-benefit analysis should be included in the main report, while the sources of these figures, the methodology and the evidence to estimate the costs and benefits could be explained in an annex.

(6) The analysis of the public consultation and the targeted stakeholder consultation should be improved. The report should avoid presenting aggregate majority views and

should clearly outline the views of different stakeholder groups, what role they play and which group supports which action.

Some more technical comments have been sent directly to the author DG.

(D) Conclusion

The DG must revise the report in accordance with the Board's findings and resubmit it for a final RSB opinion.

Full title	Revision of the EU geographical indications (GI) systems in agricultural products and foodstuffs, wines and spirit drinks
Reference number	PLAN/2020/8659
Submitted to RSB on	2 June 2021
Date of RSB meeting	30 June 2021