

5th September 2012
CMO F&V/12/008

Review of the EU Regime for the fruit and vegetable sector:
PROFEL contribution to the public consultation

INTRODUCTION

PROFEL is the European Association of fruit and vegetable processing industries. The association represents over 500 companies via its national associations in 15 EU Member States (canned vegetables, frozen vegetables, dehydrated vegetables, jams and preserves, canned fruit and compotes).

As primary and secondary processors of predominantly EU-sourced raw materials the future of the industry is closely linked to the future of the fruit and vegetable CMO:

The processing industry depends on sufficient local supply of sustainably grown, top-quality raw material at competitive prices.

Processing industry and the CMO:

- Fruit and vegetable processors add high value to high-quality agricultural raw material
- Industry secures direct and indirect jobs in predominantly rural communities
- Competitive Producer Organisations with ambitious operational programmes focusing on modernisation, investments into new technologies and into sustainable farming provide continuity of high-quality local raw material for the fruit and vegetable industry

Specificity of the processed vegetables sector:

- Contracts (detailing volumes and prices) are concluded between the processor and the farmers or the Producer Organisation in advance of planting the crop towards the end of the year (prior to the year of crop production)
- Then pre-determined varieties and volumes of vegetable crops are harvested during specific windows (typically 4 to 6 week periods)
- These are rapidly transformed/processed for their preservation,
- Then stored in cold stores or in cans in dry goods stores, until called off for packing/distribution as and when the market requires

Consumption:

The consultation document asks how to stop the further decline of fruit and vegetable consumption and to reverse the trend.

In this context PROFEL calls upon the Commission to acknowledge the important role that processed fruit and vegetables can play to increase consumption due to their exceptional characteristics. This should be recognised and better reflected in the forthcoming CMO review and related policy initiatives.

QUESTIONNAIRE

In its role as representative of the processing industry, PROFEL is not able to answer and position itself on all the questions of the online questionnaire, but would like to raise some of the concerns/problems we encounter with the present regime.

1. Do you view other problems or future challenges for the sector that have not been mentioned in this consultation document? (optional)

Yes

No

The specificity of the processing sector (different structures of the market, contractual relationship with the grower/PO for vegetables, perennial crops for the fruit canners) needs to be addressed and taken into consideration in the new CMO.

Processed Vegetables

To allow for the specificities of vegetable processors, special provisions may need to be introduced in the new CMO that address these specific concerns and may be different from those for the fresh sector (see also introduction):

- 1) Increase consumption: legislation should re-focus and better recognize and value the qualities and advantages of processed fruit and vegetables:
 - their excellent nutritional qualities – they keep a vital part of nutrients during the processing - thanks to which they contribute greatly to the recommended daily in-take of essential nutrients,
 - their compliance with highest quality and production standards
 - their availability all year round at stable and affordable prices
 - their convenience and long shelf life that responds to changes in peoples life styles
 - their low CO2 impact: grown close to the factory and processed shortly after harvest
 - their contribution to waste reduction: they are ready-peeled and cut, and come in easily managed portions – thereby contributing to a reduction in food waste,

- 2) MARKETING/PROMOTION/SCHOOL FRUIT SCHEME tools: the CMO should acknowledge the role processed products can play to achieve the goals, increase the percentage of processed products, and leave less flexibility to Member States but assure that the same importance for all healthy products across the EU is applied.

- 3) Avoid distortion on the application of the CMO between the fresh and processed sectors.
- 4) Assure that recognition criteria for POs in Member States are applied in the same way across the EU; i.e. the possibility of a unique partnership between POs and processors should be confirmed by the reform and recognized by all Member States
- 5) Introducing PO membership per crop: allow growers that deliver to the processing industry to become members of different POs for different crops (without increasing the administrative burden). Production is contractualised anyway, and therefore controlled.

→ arguments in favour:
 - i) it would motivate more crop rotation, diversification and increase flexibility, and allows the farmer to create a maximum added value on his farm
 - ii) it could increase the level of organisation: making it possible to join more than one PO for different crops for the processing sector would encourage more PO membership (while the consultation document acknowledges that today the level of organization in POs is not satisfactory, it is a process that may take years. Many new well-functioning structures were already created, and the up-take could be increased by allowing membership per crop);
- 6) Insurance/crop failure: the options for the new CMO should explore the possibility to make mutual fund insurance schemes eligible from operational Funds/crisis management (further incentive for a grower to join a PO)
- 7) Crisis management measures must not be detrimental to the processing industry (as happened during the EHEC crisis with peppers for industry in Spain).
- 8) Clarification is needed regarding the size and market share by one PO: competition law issues could arise, and legal certainty is needed.
- 9) Regarding the question of Interbranch structures: for the processing sector they work well where they exist and could therefore become a promising model in other countries as well

Canned Fruit

The EU fruit canning sector faces great challenges and in some countries fights for its survival. The new CMO must assure that harvesting fruit and orchard management remains profitable for the grower in order to secure sufficient hectares for fruit for the industry.

4. Do you think a particular option is more balanced than all the others? (optional)

Yes

No

Any combination of option 2 A – C/D as they are not exclusive. PROFEL supports in principle the existing system but improvements and better adaptation to the needs of the processing sector are required (see point 1-9 above) .

6. Which criteria should be used to assess positive and negative impacts of different options? (optional)

- Impact on employment
- Impact on EU production, export potential and competitiveness for fruit and vegetable processors
- Impact on investments/local economies in rural areas

8. Should other elements or variables be integrated in the impact assessment of the options considered? (optional)

For the vegetable sector:

Any new measure inside the CMO must not encourage or result in overproduction.

For the fruit canning sector:

The impact assessment should look at the effect on the fruit canning sector and all the sectors directly and indirectly linked to it, especially in terms of securing jobs.

Although not directly inside the scope of the CMO, better export conditions and reciprocity in bilateral trade negotiations must be ensured to increase the competitiveness of the processed fruit and vegetable sector on the world market.

Today EU products are faced by unfair competition from imported products. Stricter controls are needed to ensure EU standards are met by ever increasing 3rd country imports – in particular for canned fruit and dried vegetables. The EU must ensure and enforce that its market is protected from 3rd country imports that do not comply with EU standards.