

TRADITIONAL FOOD AND SENSORY ANALYSIS
Ljubljana, Slovenia, 21-22 June 2010.

□ **Consumer protection in the
EU policies on traditional and
quality products**

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OUTLINE

1. The aim of the contribution
2. The perception of the consumers on quality labels: the results of a survey on PDO's and PGI's
3. Quality labels: the theoretical background and the empirical evidence
4. Quality and EU policies:
 - the evolution of the CAP over 50 years
 - the Green Paper on agricultural product quality
 - an overview on the compulsory side
5. Conclusions

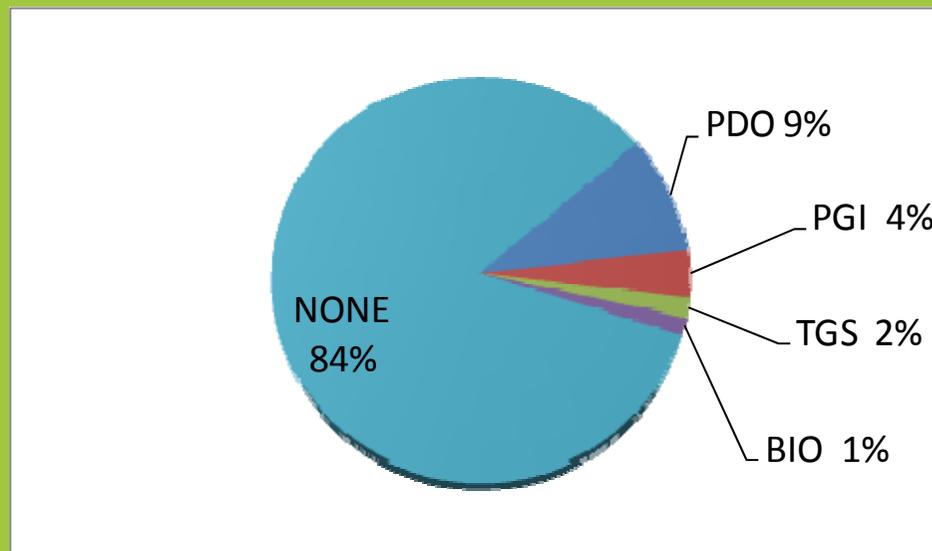
THE AIM

To present some evidences on EU policies on traditional and quality products aimed at increasing consumer information and protection.

CONSUMER PERCEPTION ON PDO/PGI/TGS'S(1)

Interviews to 200 consumers in retailers' point of sales in Milan and Naples, 2008.

- EU quality labels remembered without prompting



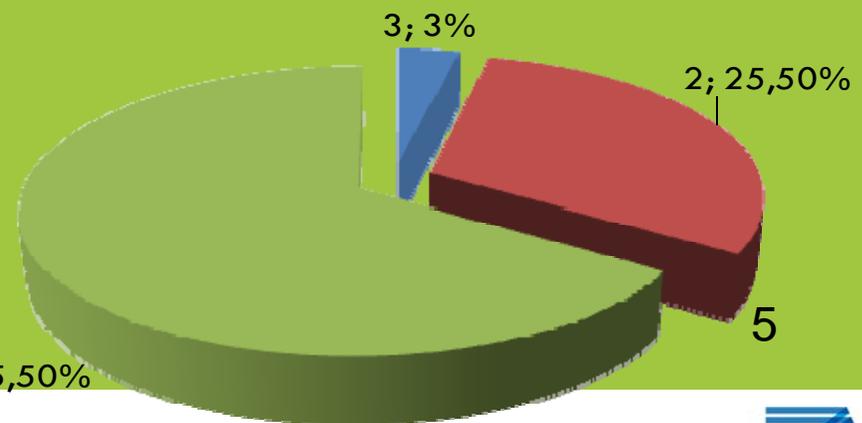
Source: Aprile, M.C. e Gallina, G. (2008) "La percezione della qualità dei prodotti agroalimentari attraverso i marchi presenti in etichetta: un'analisi sui consumatori", *Economia & Diritto Alimentare*, 3.

CONSUMER PERCEPTION ON PDO'S (2)

Select the three correct attributes used by the EU to define the PDO label

1	place of production
2	quality
3	origin of ingredients
4	taste
5	compliance with hygienic rules
6	traditional method of production
7	the production and/or processing and/or preparation of take place in the defined geographical area.
8	Animal welfare friendly
9	Origin of one ingredient, at least
10	Quality of life of the local communities
11	It is only a promotional strategy
12	Other

No of correct attributes guessed by the respondents (%)



Source: Aprile, M.C. e Gallina, G. (2008)

CONSUMER PERCEPTION ON PGI'S (3)

Select the three correct attributes used by the EU to define the PGI label		
1	Quality	23,18
2	origin of all ingredients	11,88
3	Origin of one ingredient, at least	11,68
4	compliance with hygienic rules	11,35
5	Taste	10,76
6	traditional method of production	8,88
7	the production or processing or preparation of take place in the defined geographical area.	8,00
8	healthiness	5,84
9	Quality of life of the local communities	3,84
10	Animal welfare friendly	3,03
11	Other	1,48
12	It is only a promotional strategy	0,46



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Source: Aprile, M.C. e Gallina, G. (2008)



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THE UE LOGOS



ARE THE EU LOGOS
AN EFFICIENT TOOL
TO INFORM THE
CONSUMER?

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THE ECONOMIC THEORY

UE logos are supposed to reduce the asymmetric information.

- Asymmetric info leads to *opportunism*, whereby informed person benefits at expense of those with less info.
- Types of opportunistic behavior: moral hazard and adverse selection.
- Adverse selection reduces size of a market and global welfare and, possibly, eliminate the market (Akerlof, 1970).

HIGH QUALITY PRODUCTS ARE OUT OF THE MARKET.

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SEVENTH FRAMEWORK
PROGRAMME

THE EMPIRICAL EVIDENCE

- Food crises.
- The raising of life standards.
- An increasing awareness of consumers rights.



New consumers' expectations require effective answers.

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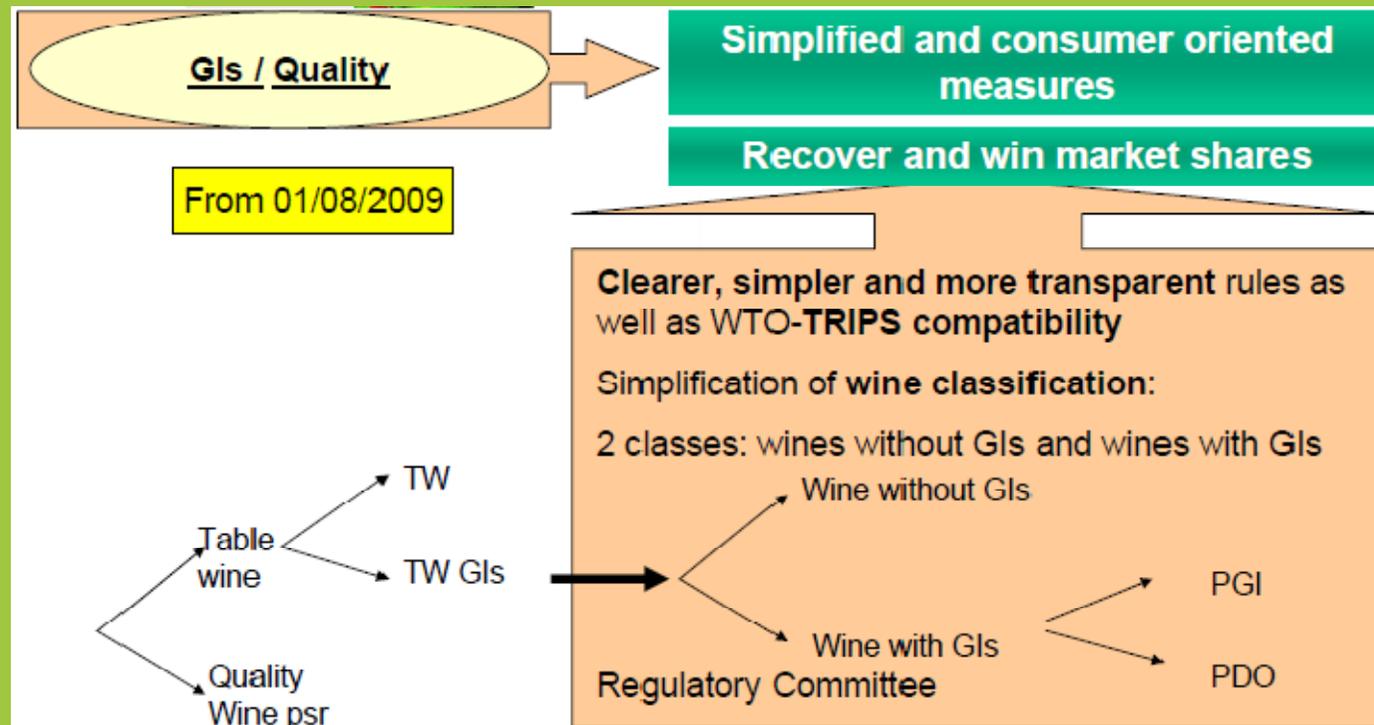
THE EVOLUTION OF THE CAP OVER 50 YEARS



The Early Years (1960s)	The Crisis Years (1980s)	The 1992 Reform	Agenda 2000	CAP Reform 2003
Food security Improving productivity Market-stabilisation Income support	Over production Exploding expenditure International friction Structural measures	Reduced surpluses Environment Income stabilisation Budget stabilisation	Deepening the reform process Competitive-ness Rural development	Market orientation Consumer concerns Farm income Rural development Environment

Wine CMO Reform 2008

CAP - WINE CMO REFORM, 2008



Source: European Commission – Agriculture and Rural Development

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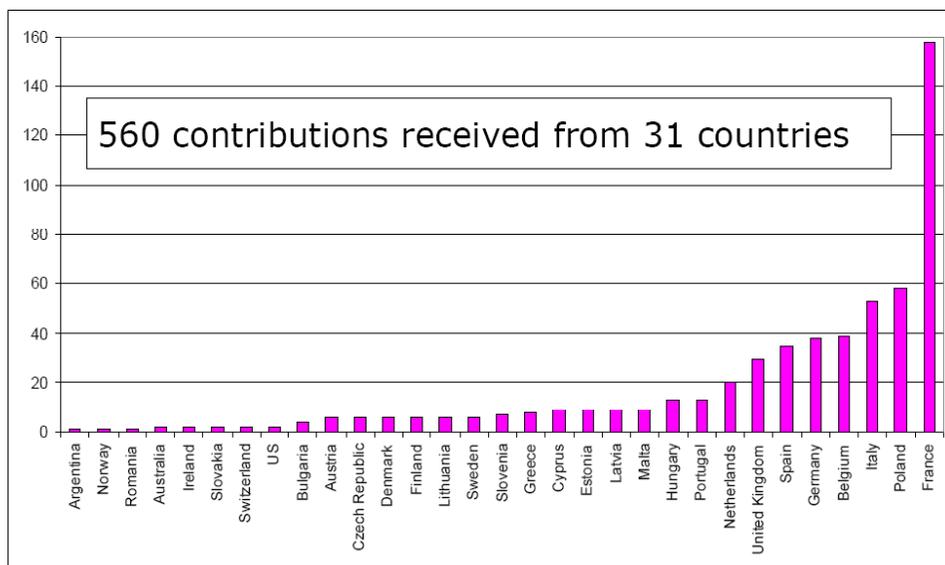


THE GREEN PAPER ON AGRICULTURAL PRODUCT QUALITY - 2008

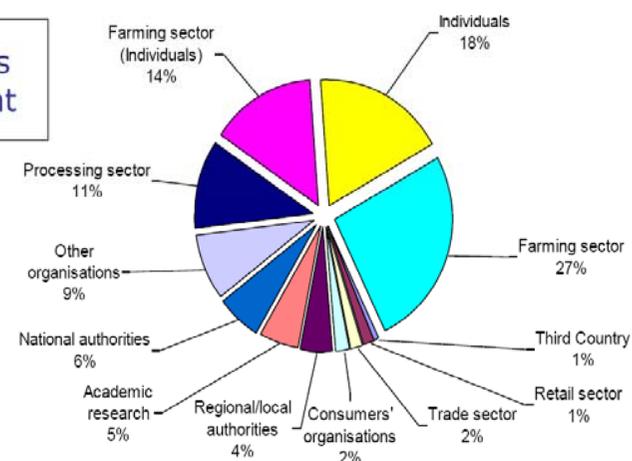
... "Quality is about meeting consumer expectations" ...

The aim of the Green Paper

The Commission has decided to launch a reflection on how to ensure the most suitable policy and regulatory framework to protect and promote quality of agricultural products, without creating additional costs or burdens. As a first step, it launched a wide consultation on whether the existing instruments are adequate, or how they could be improved and what new instruments should be introduced.



12 categories of respondent





THE MAIN MESSAGES FROM STAKEHOLDERS

- strong support for the EU's main quality schemes (geographical indications and organic farming) and marketing standards;
- simplification and streamlining;
- urge greater use of place of farming labelling.



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SEVENTH FRAMEWORK
PROGRAMME

THE MAIN ISSUES AND THE COMMISSION APPROACH

Information: to improve communication between farmers, buyers and **consumers** about agricultural product qualities.

Coherence: to increase the coherence of EU agricultural product quality policy instruments.

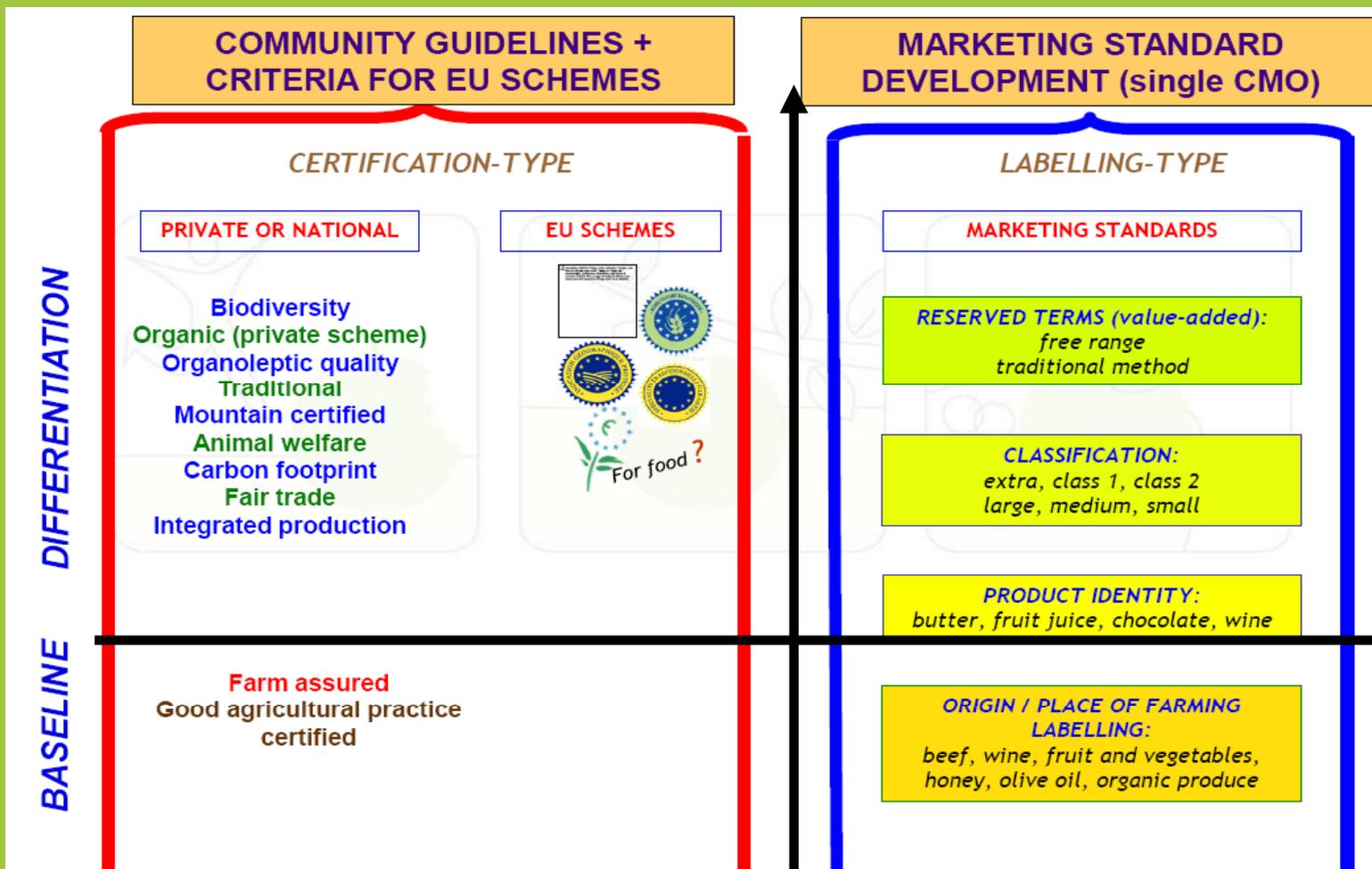
Complexity: to make it easier for farmers, producers and **consumers** to use and understand the various schemes and labelling terms.

THE COMMISSION APPROACH

- For certification-type schemes, the development of guidelines for good functioning of certification schemes, and ensuring coherence of any new EU schemes.
- For labelling-type measures, development of EU marketing standards within the single Common Market Organisation. 14

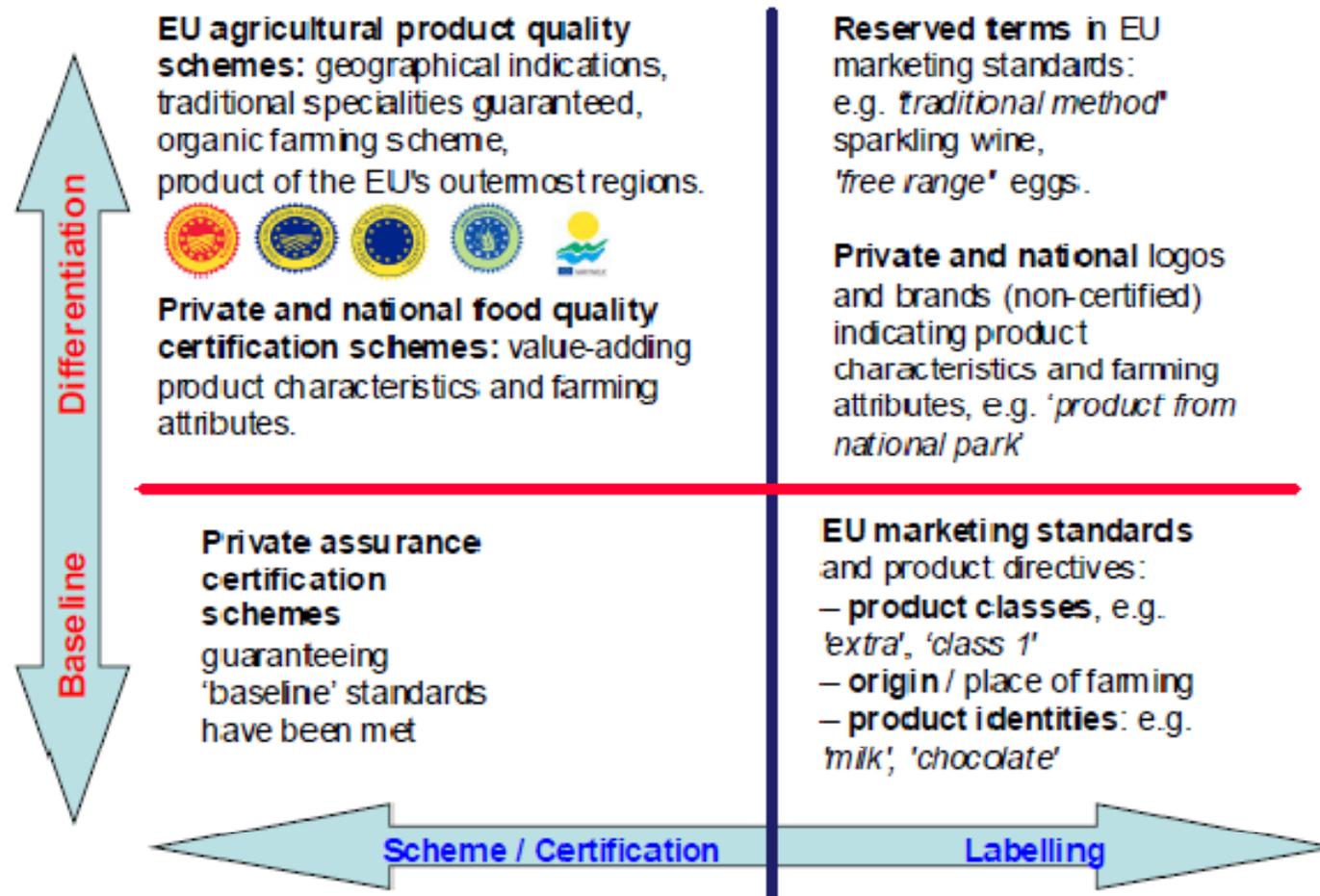


THE COMMISSION APPROACH



Both certification and labelling can show that a product meets **baseline standards**. They can also both be used to indicate **value-adding qualities** beyond baseline standards — either product characteristics or farming attributes.

QUALITY AND ASSURANCE CERTIFICATION SCHEMES AND MARKETING STANDARDS



MARKETING STANDARDS DEVELOPMENT (1)

GENERAL BASIC STANDARD

Compulsory rules could be laid out in a **general basic marketing standard**. This would cover those matters where a voluntary approach might distort the single market or compulsory labelling is necessary to provide consumers with basic information about products.

PLACE-OF-FARMING LABELLING

To respond to many consumers' and farmers' preferences for labelling that identifies the place where agricultural product was farmed, the Commission will consider appropriate labelling, while taking into account the specificities of some sectors, in particular concerning processed agricultural products.



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SEVENTH FRAMEWORK
PROGRAMME

MARKETING STANDARDS DEVELOPMENT (2)

OPTIONAL RESERVED TERMS

Where it is necessary to define information about product qualities for consumers (e.g. 'first cold pressed' extra virgin and virgin olive oil). As a possible alternative to EU legislation, the Commission will investigate further the option of using CEN, the European Committee for Standardisation, for detailed rules of this type.

In addition, the Commission will examine the feasibility of laying down specific

optional reserved terms for 'product of mountain farming' and 'traditional product'

One way of setting more appropriate marketing standards could be to ask stakeholders to develop the rules themselves.

INTERNATIONAL STANDARDS

The Commission will continue to refer to and contribute actively to the development of international standards.



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ORGANIC FARMING



EU organic legislation was revised in 2007.

- A new EU organic logo applied obligatorily to all EU farmed products this year.
- A report on the application of the new regulation will be presented to Council and Parliament in 2011.
- In order to foster trade in organic products, the Commission will seek mutual recognition of organic standards with non-EU countries and will contribute to the development of the *Codex Alimentarius organic guideline*.



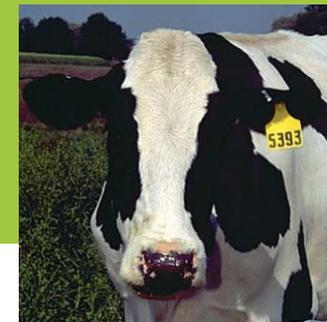
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ANIMAL WELFARE LABELLING AND ECOLABEL



The Commission is considering the possibility to develop a framework for animal welfare labelling and to extend the *Ecolabel to food and feed*.
Council has asked the Commission to look at labelling options in the complex area of carbon footprint. Stakeholders have proposed further EU schemes particularly in the environmental sphere, such as product of high-nature value farming.



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THE CONSUMER PROTECTION: THE COMPULSORY SIDE

The General Food Law

Reg. EC n°178/2002

The Hygiene Package

Reg. EC 852/2004 - Reg. EC 853/2004 Reg. EC 854/2004 - Reg. EC 882/2004

Reg. EC 2073/05 - 2074/05: " Microbiological standards and traditional productions"

Regulation (EC)
1829/2003 on
**genetically modified
food and feed**

**Food Labelling
DIRECTIVE
2000/13/EC**

**Nutritional claims
Regulation (EC)
1924/2006**

CONCLUSIONS

The consultation has shown that some proposals of the Green Paper are controversial (in particular, the obligatory indication of the place of origin of primary products).

The Green Paper doesn't mention the need of planning of production for quality (PDO/PGI's) products, which is a critical tool to guarantee the adequate income to producers and to avoid the "adverse selection".

The Green Paper raises some questions:

- are the instruments proposed a way to improve quality or to increase information?
- who is going to support the financial burden of the new policy (consumers versus citizens)?
- will the new policy provide efficient tools to the European agri-food system in competing with third countries products?
- will this strategy affect the structure of the European agri-food chains?

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**Thank you for your
attention**

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