

**REFLECTIONS OF THE WORKING PARTY ON FRUIT
AND VEGETABLES ON THE FUTURE OF THE
COMMUNITY AID SCHEME FOR FRUIT AND
VEGETABLE PRODUCER ORGANISATIONS**

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I. GENERAL COMMENTS

1. The fruits and vegetables sector bears strategic importance for agriculture and for 500 million European consumers with regards to **food safety and public health**. On an **economic level**, fruits and vegetables account for 1.4 million farms and generate approximately 50 billion euros of turnover, that is, 21% of overall EU agricultural production. On a **social level**, the sector provides employment in regions with no alternatives and accounts for 30% of agricultural employment in the EU mainly encompassing female and migrant workers. The sector contributes to **environmental policy objectives** set by the EU and Member States as well as rural development by maintaining a sufficient network of active agricultural organisations.
2. The fruit and vegetables sector is facing a high level of competition and requires constant innovation and investment to adapt to consumer demand, to remain economically, socially and environmentally sustainable and to overcome significant challenges, including the imbalance of the food chain and increased competition on the internal EU market. Albeit the second largest global fruit and vegetable producer, the EU is largely in deficit due to a lack of reciprocity in trade (there is almost complete liberalisation of fruit and vegetable imports in the EU from exporting third countries, yet there are trade barriers - both commercial and phytosanitary - that prevent us from making the most of export opportunities in third countries). Competition on the internal EU market has intensified since the Russian embargo in August 2014 (which affects approximately 30% of European fruit and vegetable exports) and is threatened by Brexit because the United Kingdom imports products from the EU-27 at a value almost equivalent to that of EU exports to third countries.
3. This sector deserves to have specific treatment within the CAP, as has been the case since 1997.
4. Indeed, the European Union allocates specific aid to fruit and vegetable producer organisations (FVPO) through operational programmes (OP) of producer organisations (POs).
5. For the CAP post 2020, the organisation of producers has been highlighted on several occasions by the sector and Member States as an effective measure to improve the competitiveness of agricultural production, organise supply and rebalance supplier/client relations in the agri-food chain. For Copa and Cogeca, the aid scheme specific to FVPOs constitutes the cornerstone of CAP support to this sector. It continues to be a modern and effective way of measuring market management and better functioning of the agri-food chain with the intention of fighting unfair trading practices. Community aid to fruit and vegetable producer organisations (FVPO) acts as a real lever allowing them to fulfil their economic, social and environmental role.

6. The objectives for the fruit and vegetables aid scheme are tailored to the FVPO aims and will continue to be valid in the CAP post 2020. They should be:
 - ✓ to concentrate supply to reinforce fruit and vegetable producers' position in the food chain
 - ✓ to plan production, adapt supply to demand, both in terms of quality and quantity, and prevent food waste
 - ✓ to prevent and manage crises
 - ✓ to improve competitiveness of production and marketing on the internal and external market, by managing production costs as well as gearing towards the market
 - ✓ to increase the value of commodities by processing and marketing
 - ✓ to exchange information
 - ✓ to bring the role of fruit and vegetables in the diet more to the fore
 - ✓ to encourage production methods that respect the environment, the landscape and the sustainability of the entire agri-food chain
 - ✓ to promote research, technological development and innovation.
7. All these objectives aim to ensure European fruit and vegetable producers a fair standard of living, notably by increasing their individual income allowing for the sustainability of their farm to be guaranteed. This will have a direct impact on:
 - ✓ environment and landscape conservation and protection
 - ✓ the stability, quality and security of affordable food supply to 500 million European consumers
 - ✓ maintaining the local economy and employment in the EU
8. Under the single CMO for post 2020, specific EU financial support for FVPOs should be maintained as it offers an excellent ratio of public spending to benefits due to:
 - ✓ co-financing by FVPOs and their members
 - ✓ EU support targeted at producers organised in FVPOs and APOs
 - ✓ EU aid aimed at concrete actions adapted to the sector's needs and therefore a budget that remains within the sector
 - ✓ support based on the Value of Marketed Produce, the most effective way to guarantee the utility of public money and to take into account fluctuations in the concentration of supply compared to demand
 - ✓ the efficiency of this support scheme which represents only 3.5% of CAP expenditure for a final production value of approximately 21%.
9. Copa and Cogeca believes that the CAP post 2020 must maintain the specific FVPO definition and their aid system in the framework of the Common Market Organisation (single CMO Regulation) under the first pillar of the CAP and with an unlimited budget line.

II. SPECIFIC COMMENTS

In order to improve the support scheme tailored to the fruit and vegetables sector, Copa and Cogeca would like to put forward the following proposals:

- a) Increase the co-financing rate to over 50% for FVPOs, APOs and their subsidiaries that contribute more to supply concentration and organisation (integration, mergers, those who increase their size or scope of action etc.) and for certain types of priority actions (innovation, internationalisation etc.)
 - b) Increase the co-financing rate to over 4.1% or 4.6% when the co-financing rate is greater than 50%
 - c) Improve crisis prevention and management measures notably through diversification of markets (costs related to the opening of third country markets) and improve cover for climate-related risks
 - d) Reduce food waste and improve relations between FVPOs, APOs and their subsidiaries and food banks including food aid to third countries
 - e) Improve eligibility of certain actions, make zero-cost environmental actions eligible, improve eligibility of personnel costs, replace the concept of environmental actions by a more general concept of sustainability in the food chain
 - f) Set minimum recognition criteria at a European level to guarantee that FVPOs, APOs and their subsidiaries are efficient, while at the same time taking into account certain specificities of Member States and regions
 - g) Maintain specific marketing standards
 - h) Include the “new generation” fruits and vegetables in the list of eligible products
 - i) Review control measures and introduce a bonus/penalty system, review audit procedures in order to increase legal security for FVPOs, APOs and their subsidiaries and Member States, transparency, harmonisation and implement level playing field rules
 - j) Reduce the administrative burden for FVPOs, APOs and their subsidiaries
 - k) In regions with a low level of producer organisation, allow FVPOs with low value of marketed production (VMP) to receive a lump sum aid as well as community aid limited to 4.1% for the operational programme to help them deal with the administrative burden resulting from the operational programme. The aim is to help small organisations in all European countries with a lower level of organisation.
 - l) Ensure that the specific FVPO operational programmes scheme and the other CAP tools, in particular rural development measures, management measures for major crises, promotion etc., complement one another.
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