



WHITE PAPER  
of the  
*Fruit & Vegetable*  
CMO



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A positive review of the 20 years of the Common  
Market Organisation

2017



ASSEMBLY OF EUROPEAN REGIONS PRODUCING FRUIT, VEGETABLES AND ORNAMENTAL PLANTS  
 ASSEMBLÉE DES RÉGIONS EUROPÉENNES FRUITIÈRES, LEGUMIÈRES ET HORTICOLES  
 ASSEMBLEA DELLE REGIONI EUROPEE FRUTTICOLE ORTICOLE E FLORICOLE  
 ASAMBLEA DE LAS REGIONES EUROPEAS HORTOFRUTÍCOLAS

## The Fruit and Vegetable CMO

### A POLICY, an AMBITION and a REALITY

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## FOREWORD BY SIMONA CASELLI, PRESIDENT OF AREFLH



The Assembly of European Regions producing Fruit, Vegetable and Ornamental Plants, created in 2000, is based in Bordeaux, New-Aquitania.

It brings together 19 regions and 23 APOs from 7 countries (Austria, Belgium, France, Italy, Spain, Greece and Portugal). Their combined production accounts for almost 45% of the value of European agricultural production of fruit and vegetables.

The main missions of AREFLH are to:

- Represent and defend the economic and social interests of the fruit, vegetable and flower sectors in the European and international institutions
- Encourage exchanges of experience, promote partnerships and joint projects between members
- Be a force for proposals on the main themes that influence the fruit and vegetables and the horticulture sector.

AREFLH has strongly mobilised itself within the framework of the fruit and vegetable CMO, which is Europe's key instrument for the development of the sector: an original and innovative tool that puts POs and APOs at the centre of the system and that has succeeded in combining competitiveness and sustainability as the key to grouping producers and strengthening the sector. The aid granted to producers through POs is part of a programme that takes account of market demand. The fruit and vegetable CMO meets the objective of strengthening the contractual power of producers and structuring the sector. Other agricultural sectors have expressed interest in the organisation set up by the fruit and vegetables sector.

As President of AREFLH, I am proud to present 20 years of experience that have yielded important results. These elements are detailed in this White Paper of the CMO which also presents a number of proposals for improvements. The challenges of globalisation and the growing demand for "ecological" products (organic and integrated production) must be addressed by the sector with the most efficient means: better concentration of supply and organisation to improve the effectiveness of POs, more effective risk management (also thanks to the improvements contained in the OMNIBUS regulation actively supported by AREFLH), investment in innovation in the sector and faster development of productions that respect the environment, new instruments to improve market transparency.

With the newly opened project on the reform of the CAP, the fruit and vegetable regions of AREFLH argue that the CMO, with certain necessary improvements, must represent for the present and the future an indispensable instrument not only for its positive impact for the sector but also for the specificity of its administrative and financial arrangements.

## LIST OF THE ABBREVIATIONS

EU	European Union
CMO	Common Market Organisation
PO	Producers organisation
APO	Association of Producers organisations
OP	Operational Programmes
VMP	Value of the Marketed Production
PGI	Protected Geographical Indication
PI	Integrated Production

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### The fruit and vegetable CMO was new in 1997, it remains modern in 2017.

**From 1970 to 1997**, the intervention of the European Union related primarily to a quantitative management of the offer by mechanisms of rebalancing in situation of overproduction through withdrawals from the market. That led in certain situations to massive withdrawals and the maintenance of productions which did not correspond any more to market demands.

In 1997 a new and completely innovative policy was installed, the CMO. It was founded on the following principles:

- To reinforce the orientation towards the market and the competitiveness of the sector,
- To concentrate the offer to give the best return to the producers,
- To adapt the production to the requirements of the market and the expectations of the consumers,
- To improve the capacity of the producers to manage crisis,
- To develop practices respectful of the environment: at least 10% of the expenditure of each operational programme is devoted to environmental measures,
- To encourage the consumption of fruit and vegetables,
- To develop the accessibility to the fruit and vegetables.

With the **Producers' Organisations (POs) in the centre of this device** and their tool of technical and economic progress, the **Operational Programmes (OP)**, the CMO allowed the production and the whole of the sector to organize itself to face the challenges of a globalised market where competition is largely present.

20 years after, one can draw a very positive result for the organised producers and the whole of the production.

## FRUIT AND VEGETABLES, A STRATEGIC SECTOR FOR THE EUROPEAN UNION

The fruit and vegetables are a fundamental sector for European agriculture with a production which **represents about 21% of the value of European agriculture** (vegetables 13.6%; fruit 6.7%; source Eurostat 2016). The total bill of the production of fruit and vegetables in Europe is higher than 50 billion euros for 1.4 million farms. On small and medium surfaces the sector allows many families to make a living because it is an important source of employment in rural areas which often do not have other economic alternatives.

For the whole chain value, it represents 150 billion euros and 750,000 employments (Eurostat).

This explains the determining role of the fruit and vegetable sector for rural employment and the whole society. The fruit and vegetables are products with high added value and with a very broad range of species and varieties. They take an active part in the economic activity and the employment of many regions. They allow also the maintenance of ecosystems and a sustainable land use.

A very big part of the production is consumed in its country of origin. The intracommunity trade is mainly made up of fruit and vegetables produced in other Member States, for volumes representing approximately 30 million tons and for a total production of 70 million tons.

Spain, the Netherlands, Italy, Belgium, Poland and France are the leading sellers of fruit and vegetables to the other Member States.

In 2015 the EU imported more than 13 million tons from other countries for 14 billion euros. Exports reached 5.8 million tons for 4.4 billion euros. The foreign trade remains very unbalanced.

This shows the very strong internationalisation with which this sector is confronted. It must face international actors who profit from conditions of production often very advantageous with costs of labour at low prices and environmental standards less strict regarding safety and quality.

Moreover, the **fruit and vegetables are a showpiece of a healthy, balanced and durable diet**. They are strongly recommended by the medical community because they help to fight against certain cardiovascular diseases and certain cancers. They also effectively prevent the overweight and obesity, which affects a growing number of people in Europe and in particular the young people (obesity crossed the threshold of 20% in many countries).

**In spite of these benefits the daily consumption in Europe is only of 353 g per head in 2014** (Freshfel). That represents an increase in 1,6% compared to 2013 and 0,3% compared to the average during 2009-2013. Let us recall that the recommendations of the World Health Organisation relate to a daily consumption of 400 g. The consumption of fruit and vegetables is extremely variable according to each country in Europe.

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## Let us point out some fundamentals

- **The fruit and vegetables are fragile products**, they are strongly dependent on the climatic conditions at a quantitative and qualitative level. The cycles of production, for much of vegetable productions, are short and about a few weeks.
- They are delicate and require attentive and constant care to fight against diseases and pests.
- **They mobilise important investments** to create the production means (fruit orchards or greenhouses) and the infrastructures of storage, qualitative sorting and packing, for bringing the annual cycle of production to its completion. The manufacturing costs, mainly made up of a human workforce, are very high and among the highest in the world.
- **They give rise to a strong added value per hectare** and on reduced surfaces (the fruit and vegetables occupy 3% of the agricultural territory of the EU).
- They thus call for the maintenance of a dense agricultural activity in many areas.
- They call for employment at all the stages of the value chain (approximately 30% of agricultural employment in Europe).
- **The fruit and vegetables market is very fluctuating**, unstable with a very strong volatility of prices. The production plays the part of shock absorber for the whole of the sector in crisis situation which is unfortunately frequent.
- **The supply remains very fragmented vis-a-vis a very powerful distribution:** 1,500 POs gather only 46% of the European production, which remains insufficient.
- **We are primarily in a market of demand** where availability affects pricing conditions. The great majority of the fruit and vegetables species are very dependent on the weather and the act of purchase is largely conditioned by the weather too.
- The fruit and vegetables are financed only to a total value of **3.5% of the budget** of the Common Agricultural policy.

## Forces, weaknesses, risks and opportunities

<p><b>Strong points</b></p>	<p>An offer that is abundant, healthy, and of quality allowing a good supply of the market.</p> <p>A broad range. of species and varieties</p> <p>Products with identifiable characteristics (integrated production, organic production, PGI, DOP)</p> <p>Preservation of the territorial coverage and the employment</p> <p>Strong contribution to the health of the consumers</p>	<p><b>Weaknesses</b></p>	<p>High manufacturing costs.</p> <p>Insufficiently structured commercial approach. .</p> <p>Fragmentation of the offer.</p> <p>Power struggle unbalanced with the distribution</p> <p>Reduction of consumption</p>
<p><b>Risks</b></p>	<p>Recurring crises of market.</p> <p>Lacking power to negotiate vis-a-vis the organised distribution and with the great international trade.</p> <p>Strong competition on the interior market and the international markets of countries with low cost of labour and which are not subjected to the environmental and social European requirements.</p> <p>Political instability on a worldwide scale.</p>	<p><b>Opportunities</b></p>	<p>Productions located in favourable zones (relation quality/territories).</p> <p>Permanent introduction of innovations (products and methods).</p> <p>Evolutions in the chain of supply and regulation of the markets.</p> <p>Opening of new markets.</p>

To cope with these challenges, which, if left untreated, threaten the entire European productive sector, the fruit and vegetables CMO is a powerful tool. For a modest budget (3% of the EU agricultural budget), it plays an important leverage for the producers' organisations, their competitiveness and the adaptation and modernisation of their production tools.

Due to the dynamism created by the POs, the fruit and vegetable sector as a whole has increased its capacity to adapt to market demand and has enabled the associated farms to modernize their production tools and production systems.

# THE CMO, AN INNOVATIVE POLICY FOR EUROPEAN AGRICULTURE - A REVIEW OF ITS IMPLEMENTATION

## The Producers' organisation, the keystone of the CMO

The concept of PO was born following the report showing the great imbalance, which continues, in the power struggles between the production, still too fragmented, and its downstream in the chain of distribution, which is, on the contrary very concentrated.

The main objective of the fruit and vegetable CMO is thus to develop and support the creation of POs to help rebalancing the power struggle between the production and the distribution. For that, the PO is initially an economic operator, and the CMO a policy directed towards the market.

### Which are the characteristics of a PO?

- It is a legal entity.
- Its members are producers, either totally, or in majority, depending on the country.
- It is the producers who hold the power of decision, without anybody being able to have a dominant position directly or indirectly.
- It must have a sufficient economic scale to carry weight in the market (fixed by the Member States).
- Its first mission is to organise the marketing of its members' production. To carry out this mission, it must know the production of its members (estimated production, then real and, if necessary, stored).
- It puts at their disposal the adequate means of qualitative sorting, storage, preparation and packing
- It must direct production in quantity and quality to follow the request of the markets.
- It must have the human means to carry out its missions and to hold an accountancy.
- It must in particular ensure a technical support, in particular on the environmental aspects (the recognition of the POs is conditioned by this latter point).

"For me, the CMO has made it possible to regroup commercially but also humanly and to develop the orchards as well as the technical and environmental measures."

**Xavier Simier**  
**Arboriculturist and President of the Fruits du Loir**

France

Fruits du Loir is a PO with the status of company, specialising in apples and pears

«All the POs on our territory will agree to say that the benefits of the CMO are countless. »

**OP del Trentino Alto Adige, Italie**

## Projections which deserve to be underlined

### European support

At the beginning of the PO, the rate of support of the EU was known only a posteriori when the expenditure was carried out and lodged with the authority of management of the Member State. The OP profited from a minimum rate guaranteed and the final rate was known only once all the Member States had transmitted their budgetary consumption to the European Commission.

From 1997 to 1998, the guaranteed rate was 2% with a known ceiling of 4% a posteriori according to the real consumption of the Member States.

From 1999, the guaranteed rate was increased to 2.5% with a ceiling of 4.5%, also known a posteriori.

Currently, the rate is known a priori with a maximum percentage of 4.1% in 2000, supplemented in 2007 by a bearing shutter and crisis management prevention of 0.5% bringing the highest rate to 4.6% of the value of the production marketed by the PO.

### The professional part

Until 2007 the professional share (50%) had to be paid by each member producer of the PO. It was based on the volume or turnover of the member controlled by the PO. Some adaptations were planned (possibility of having different rates depending on the species or for young farmers and producers in difficulty).

Since the 2007 revision, the professional part can be financed by the producers or directly by the PO. The PO is free to choose the methods for calculating this contribution (area, farm, volume, value, or a mix of these elements). It therefore has the possibility of applying differentiated rates.

### Modifications on Operational Programmes

The 2007 revision introduced the possibility of modifying the OP of the PO for the following year but also for the current

"Operational programmes have helped to focus the supply of products, an increasingly high quality supply to reach the market in the best possible position in order to obtain the best income for the producers. This also allows a better product to be put on the market for the benefit of consumers.

Operational programmes help maintain a work system of excellence that is necessary to succeed in the marketplace."

**Jose Manuel Fernández Archilla**  
**PDG de VICASOL, S.C.A.**  
**Spain**

"Based on the Producer Organisations and co-financed by producers, the fruit and vegetable CMO demonstrates that an investment in collective action generates a multiplied return on investment and, for the benefit of the whole chain, from the producer to the consumer.

It contributes to propose the European consumers fruit and vegetables in suitable quantities and of very high sanitary quality, at affordable prices. It is, therefore, a tool for European food self-sufficiency. It also helps to better balance the negotiating power from upstream to downstream."

**Joseph Rousseau,**  
**President of Cerafel,**  
**France.**

**Cerafel is an APO grouping together 7 producers of fruits, vegetables and plants in Brittany.**

year with the possibility of introducing non-substantial modifications which do not require the prior agreement of the administration.

## PO subsidiaries

The 2003 revision recognises the notion of a subsidiary of PO and creates the category of subsidiaries held by one or more POs at more than 90%.

These subsidiaries with more than 90% are eligible for the OP of the shareholders' POs and the value of the marketed production can be calculated at the exit stage of the subsidiary. These subsidiaries are an effective tool for POs wishing to share services.

## PO orientated towards the transformation industry

The 1996 the CMO recognised POs engaged in processing and gave them a regulatory framework.

## The Associations of Producers Organisations

Associations of Producer's Organisations (APOs) have been defined by Regulation (EC) 2200/1996. Article 16 establishes that the APOs recognised by the Member States may replace the participating POs for the complete management of the OP, its preparation, presentation and updating. As a result, APOs are beneficiaries of EU financial funds.

Regulation (EC) 609/2001 introduced the possibility for an APO to submit a partial programme for actions not included in the OPs of the participants.

Article 2 of Regulation (EC) 1433/2003 confirms the possibility for APOs to implement the actions of the OPs of their members either in whole or in part.

In addition, Council Regulation (EC) 1182/2007 and Commission Regulation (EC) 1580/2007 (Article 21) laid down transnational APOs, their conditions for recognition (Article 34) and their activities (Article 35).

Certain clarifications have been made by Regulation (EC) No 1308/2013 of the European Parliament and of the Council and Commission Implementing Regulation (EC) 543/2013.

Indeed Regulation 543/2011 pursuant to the regulation 1234/2007 had reduced the role of the APO by depriving it to have only one operational programme. Starting from 2013 the regulation EC 1308/2013 gave again the possibility with the APO of depositing an operational programme.

We can thus state that the CMO is a favourite tool to build and organise an offer better adapted to the markets and the request of the consumers.

"Since 1997, in the framework of the objectives set by the fruit and vegetable CMO, we have mainly developed actions aimed at better concentration of supply and greater respect for the environment and the consumer. Thanks to the support of the operational programmes, the value of the VMP of our PO has increased by 173% since 1997, creating a virtuous path and allowing ASIPO to become a major player for the tomato industry and representing 10% of the national production.

The policy of concentrating supply and providing technical support to producers has resulted in a 16% increase in the number of member farms and 47% in the area under control. All production is carried out within the framework of integrated production.

**Davide Previati**  
**Technical Manager of ASIPO Italy**

ASIPO is an agricultural cooperative recognised as a producer organisation in the Emilia-Romagna region.

may replace the participating POs for the complete management of the OP, its preparation, presentation and updating. As a result, APOs are beneficiaries of EU financial funds.

"The CMO has surely represented for OP Apol Industriale an instrument of development and organisation for producers in recent years; a development that enabled the PO to put in place a number of actions, in particular environmentally friendly cultivation techniques. The CMO has provided real added value to the products of our PO. The PO initially formed by tomato producers for industry, has expanded its activity by associating vegetable producers for the fresh market.

In some cases, the CMO has led to better prevention and crisis management, allowing for a better defense of producers' incomes. Unquestionably adhering to an APO that groups together several POs located in different contexts gives the possibility to manage joint projects.

**Gianfranco Rocca,**  
**President of the PO APOL industriale Italy**

It was also based on a **co-financing between growers and the UE** (50-50% and in certain cases 60%) within the OP framework, through strategic plans of companies for these organisations. The producers, **actors of their own development** through their organisations, are the base of the CMO.

## Environmental measures

With regards to environmental measures, the **CMO, as of its origin, was precursory** of a much more overall agricultural policy, which was going to be essential several years later; it is the first agricultural policy being conditioned by environment-friendly actions, and this since 1997.

Environmental measures contribute to the implementation of actions and services required by the civil society. More precisely these interventions exert their effects on the environment in terms of:

- Reduction of the impact by the fall of inputs use and/or by the implementation of alternative methods for plant protection, agricultural fertilisers, water, etc
- Improvement of the quality of the soil and reduction of erosion.
- Improvement of biodiversity and landscapes.
- Reduction of the environmental impact of waste.
- Savings of water and energy.
- Restoration of the quality of the soil.

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## Inventory of the CMO's permanent and positive development

### A progression of the number and representativeness of the PO

In an economy increasingly globalised and facing purchasers that are impossible to circumvent, the PO takes the responsibility for the structuring and more largely for the dynamics of the productive sector. The actions which they conduct for their members benefit, in fact, are for the whole of the producers.

By 2004 to 2015, the number of POs increased by 11%, passing from 1,547 to 1,719 in the EU-28.

The evolution is very different according to the countries, according to the level of organisation, but overall the professional economic organisation is reinforced and gains in quality and effectiveness. Its impact goes far beyond the organisations themselves by the activity which is developed through the subsidiaries and through the external purchases with the individual producers.

In Spain where the number of POs was very high, one witnessed a significant decrease. In the United Kingdom, in Denmark, in Ireland and in the Netherlands the number of POs appreciably fell because of legal and financial insecurity.

In France, regroupings of POs occurred causing a fall of more than 26% amongst POs, but it was accompanied by a strong increase in the average size.

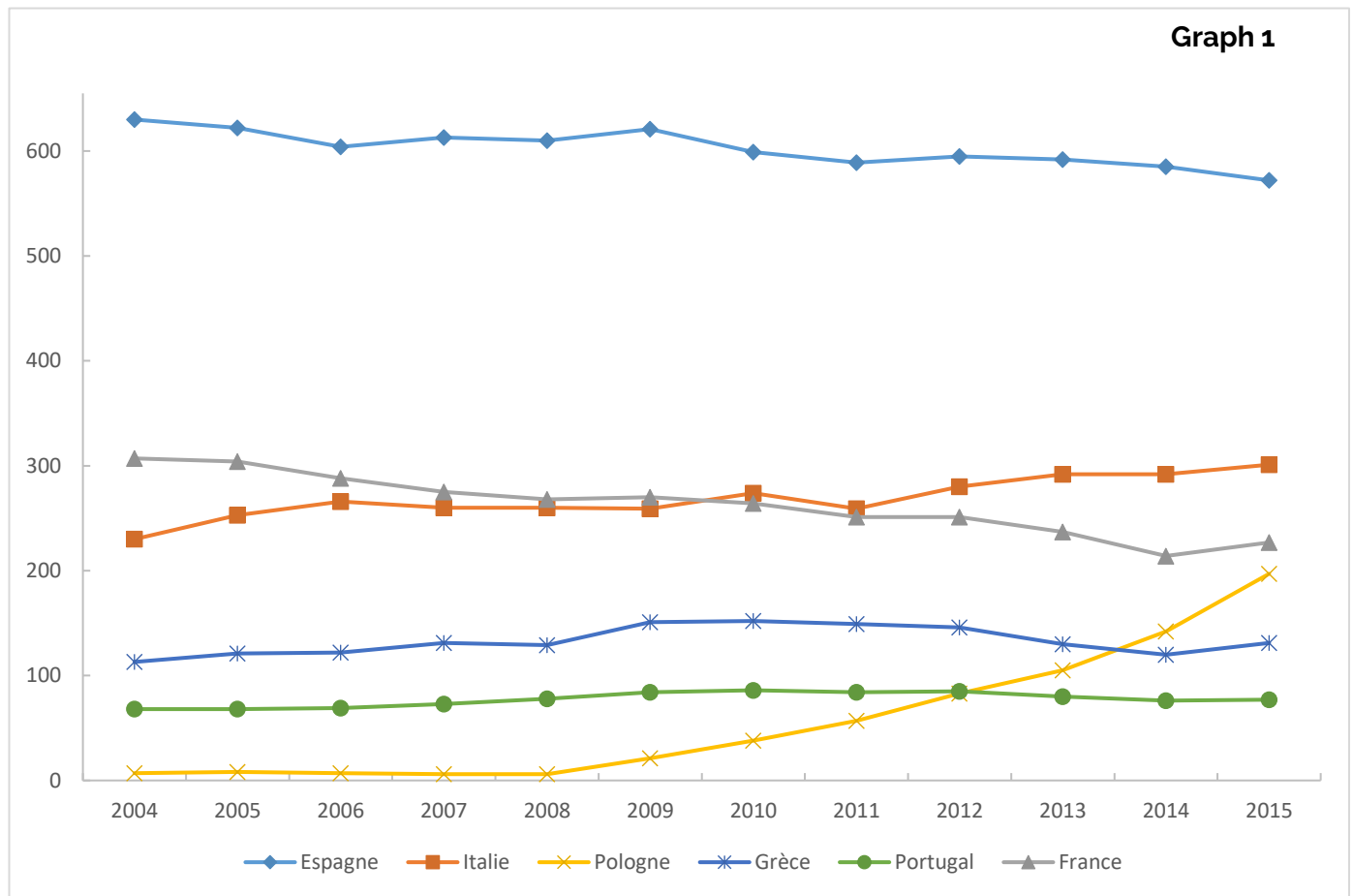
On the other hand, in most other countries this number increased, particularly in the Eastern bloc countries of Europe where the organisation was little established and was put into action only in 2007.

**Table 1: number of POs on 31st dec. of the year concerned**

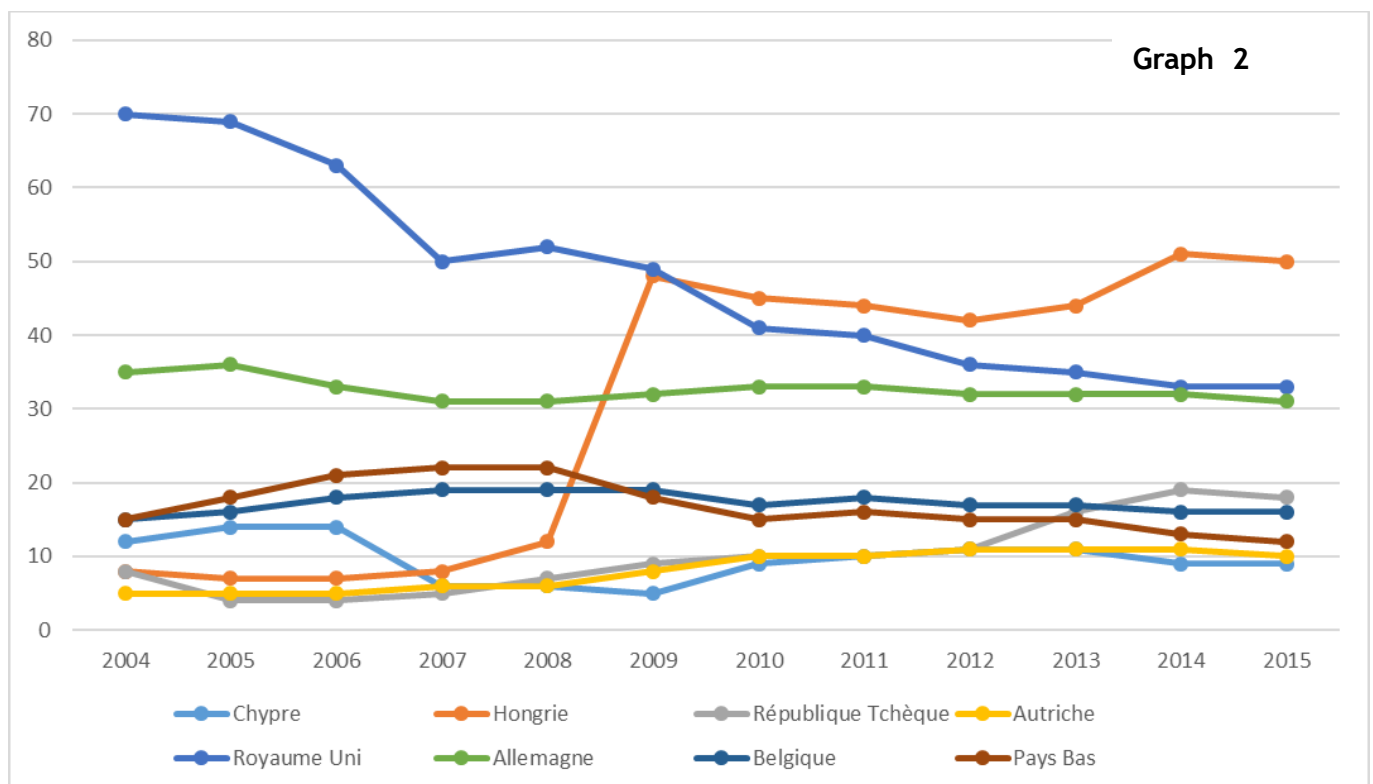
Member state	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>BE</b>	15	16	18	19	19	19	17	18	17	17	16	16
<b>BG</b>				5	8	8	6	3	3	12	3	4
<b>CZ</b>	8	4	4	5	7	9	10	10	11	14	19	18
<b>DK</b>	5	7	7	7	8	8	6	6	6	1	1	2
<b>DE</b>	35	36	33	31	31	32	33	33	32	32	32	31
<b>EL</b>	113	121	122	131	129	151	152	149	146	130	120	131
<b>ES</b>	630	622	604	613	610	621	599	589	595	592	585	572
<b>EE</b>												0
<b>FR</b>	307	304	288	275	268	270	264	251	251	237	214	227
<b>IE</b>	19	8	7	6	4	3	3	3	3	2	2	2
<b>IT</b>	230	253	266	260	260	259	274	259	280	292	292	301
<b>CY</b>	12	14	14	6	6	5	9	10	11	11	9	9
<b>LV</b>				0	0	0	0	0	1	2	2	3
<b>LT</b>												
<b>LU</b>												
<b>HU</b>	8	7	7	8	12	48	45	44	42	44	51	50
<b>MT</b>	2	3	5	4	5	5	6	6	0	3		
<b>NL</b>	15	18	21	22	22	18	15	16	15	15	13	12
<b>AT</b>	5	5	5	6	6	8	10	10	11	11	11	10
<b>PL</b>	7	8	7	6	6	21	38	57	83	105	142	197
<b>PT</b>	68	68	69	73	78	84	86	84	83	80	76	77
<b>RO</b>				1	1	1	1	1	1	4	6	10
<b>SI</b>		1	0	0								
<b>SK</b>		1	2	2	2	5	6	6	6	6	7	5
<b>FI</b>	6	5	5	6	6	5	4	4	4		4	4
<b>SE</b>	7	8	8	8	9	9	9	9	9	9	6	5
<b>UK</b>	70	69	63	50	52	49	41	40	36	35	33	33
<b>UE-28</b>	1 547	1 562	1 537	1 520	1 522	1 611	1 611	1 587	1 626	1 625	1 625	1 719

Source: Commission EC Agri-R1

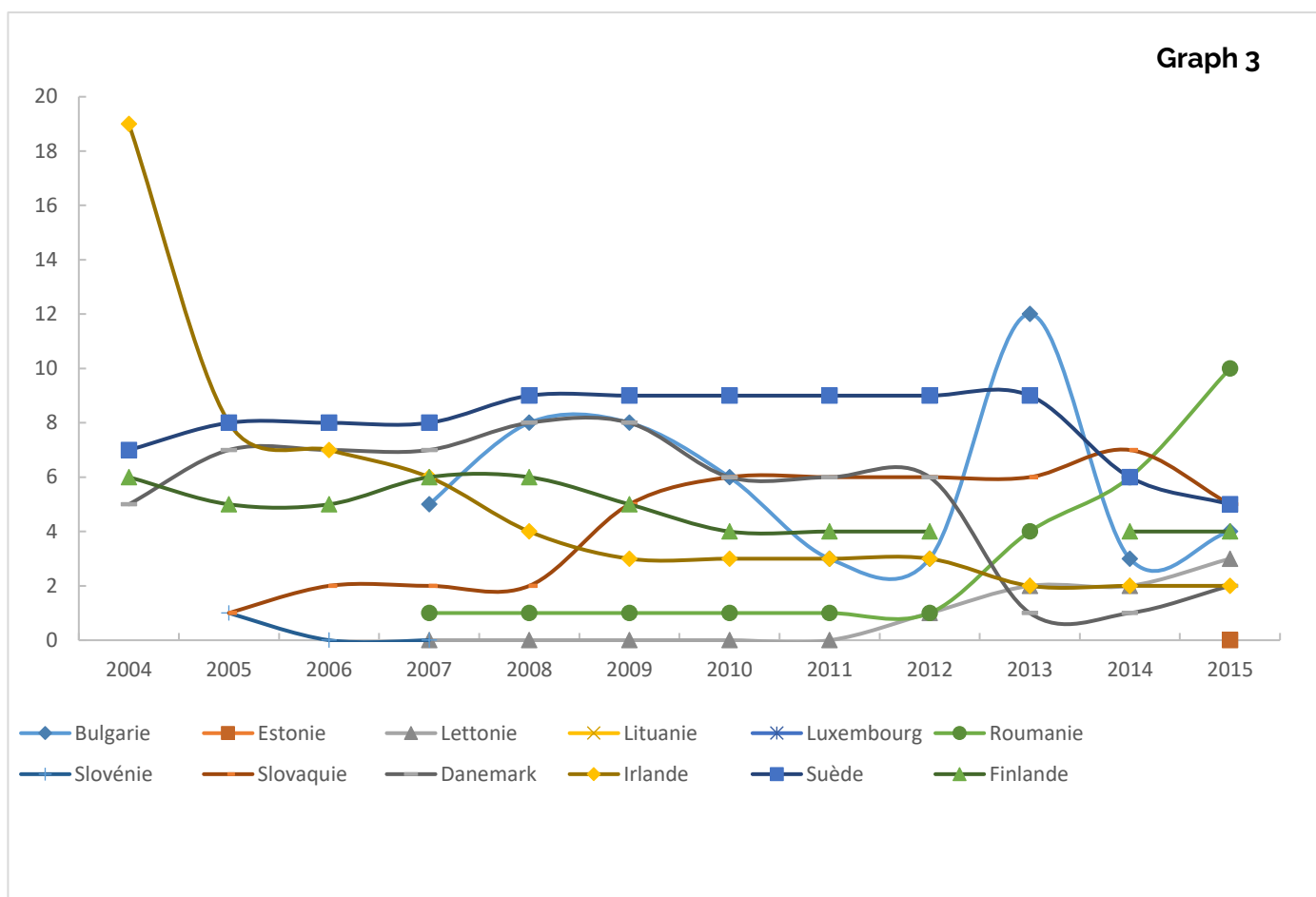
Graph 1, 2 and 3: number of POs in European countries from 2004 to 2015



Source EC- AGRI-R1



Graph 3



Source : AREFLH after EC- AGRI-R1 data

## Levels of organisation of the different producers according to the countries

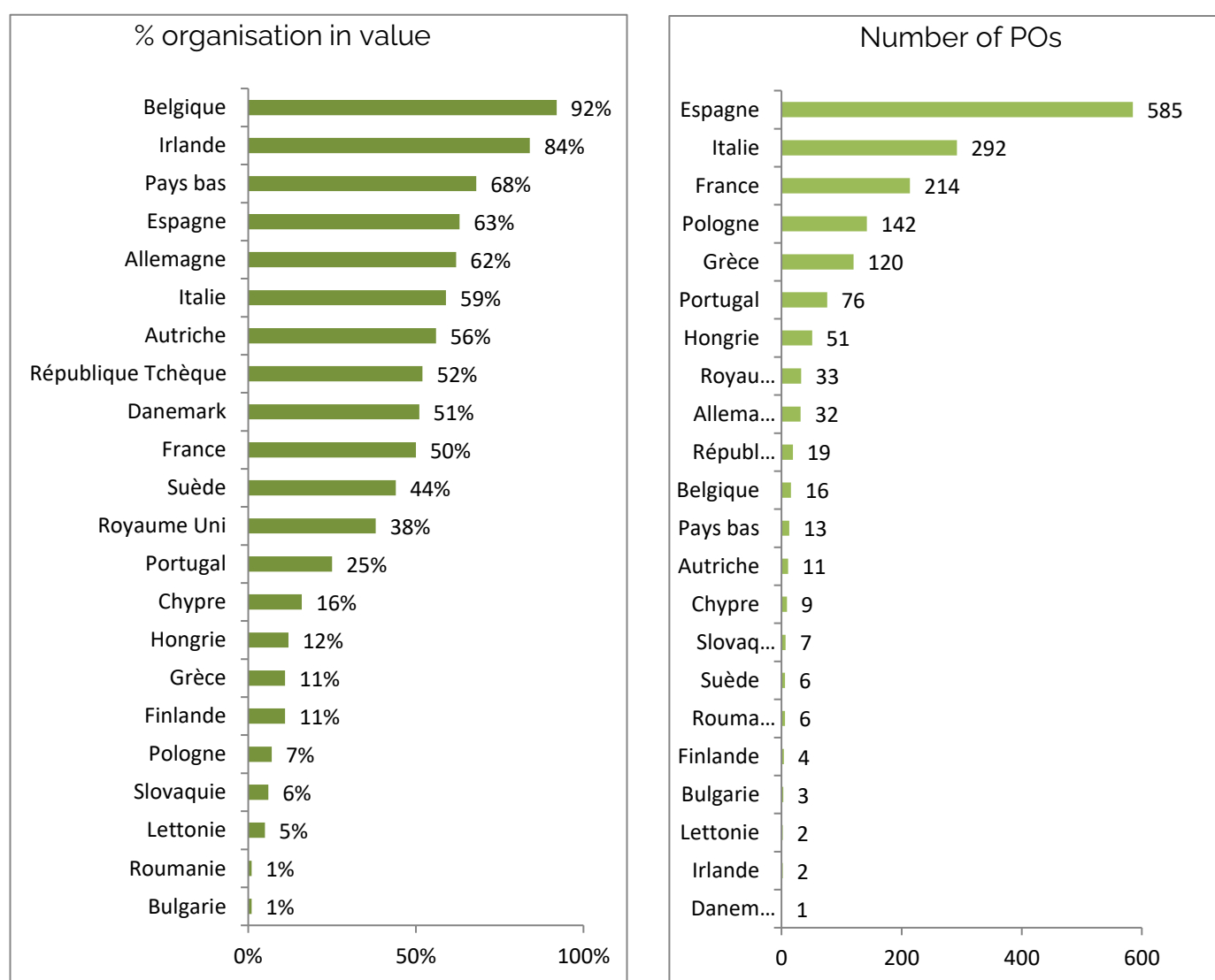
Belgium, the Netherlands and Ireland have rates equal to or higher than 70%.

The large producing countries, Spain, Italy and France are organised at a rate above 50%.

As a whole, the Eastern bloc countries of Europe are little organised for historical reasons that are dependent on the context of their country, but also because they entered the EU later.

Nevertheless, in 2014, the CMO touches nearly 50% of the European production.

Source : AREFLH after EC- AGRI-R1 data



In certain regions the POs often distinguish themselves by a specialisation in the commercialisation of a single product or one that is dominant. For example apples, hazelnuts, eating grapes, ready-to-eat salad, mushrooms, etc.

On the other hand, in other regions the POs possess a large range of products.

Lastly, let us mention the case of the POs that are specialised in processed products such as tomato for the industry.

## APO which allow a broader collective dimension

The AREFLH has pleaded for several years for a CMO which encourages the implementation of collective actions of greater scale, on regional, national and international levels. This dimension is carried by the APO.

After one period of relative stagnation until 2008, the number of APOs notably increased to reach 61 in 2015.

In France, the Ministry for Agriculture recognised national APOs by product or group of products. However the current CMO does not encourage sufficiently the constitution of APOs, in particular transnational ones, but will develop this point later.

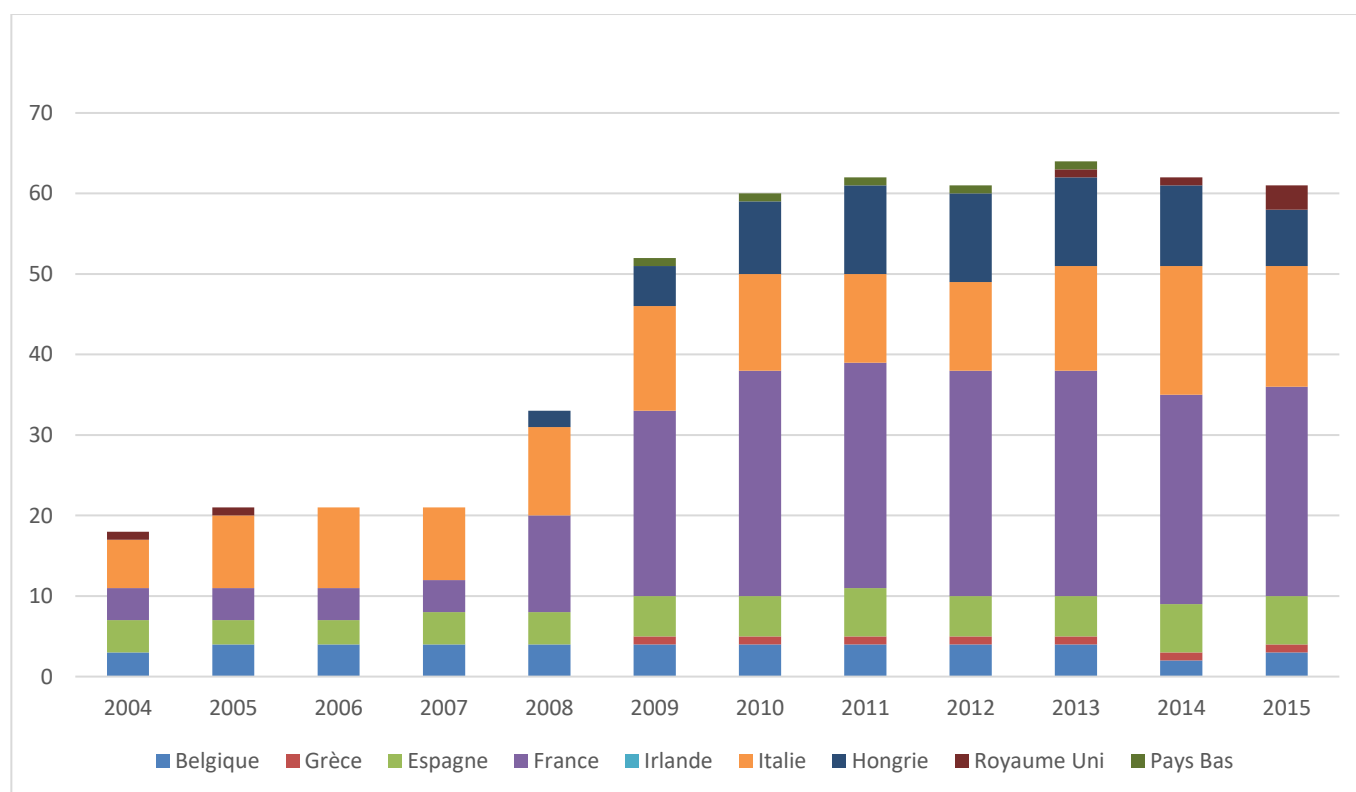
**Table 2: number of APOs on 31<sup>st</sup> dec. Of the year concerned**

Member States	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
BE	3	4	4	4	4	4	4	4	4	4	2	3
BG				0	0	0	0	0	0	0	0	0
CZ	0	0	0	0	0	0	0	0	0	0	0	0
DK	0	0	0	0	0	0	0	0	0	0	0	0
DE	0	0	0	0	0	0	0	0	0	0	0	0
EL	0	0	0	0	0	0	1	1	1	1	1	1
ES	4	3	3	4	4	5	5	6	5	5	6	6
EE												0
FR	4	4	4	4	12	23	28	28	28	28	26	26
IE	0	0	0	0	0	0	0	0	0	0	0	0
IT	6	9	10	9	11	13	12	11	11	13	16	15
CY	0	0	0	0	0	0	0	0	0	0	0	0
LV				0	0	0	0	0	0	0	0	0
LT												
LU												
HU	0	0	0	0	2	5	9	11	11	11	10	7
MT	0	0	0	0	0	0	0	0	0	0		

NL	0	0	0	0	0	1	1	1	1	1	0	0
AT	0	00	0	0	0	0	0	0	1	1	0	0
PL	0	0	0	0	0	0	0	0	0	0	0	0
PT	0	0	0	0	0	0	0	0	0	0	0	0
RO				0	0	0	0	0	0	0	0	0
SI		0	0	0								
SK		0	0	1	0	0	0	0	0	0	0	0
FI	1	0	0	0	0	0	0	0	0		0	0
SE	0	0	0	0	0	0	0	0	0	0	0	0
UK	1	1	0	0	0	0	0	0	0	1	1	3
UE-28	19	21	21	22	33	52	60	62	62	65	62	61

Source: EC-AGRI-R1 – Yearly financial reports EAGF 2011-2015.

Graph 6: number of APOs in 9 countries



Source: AREFLH after EC AGRI R1 data

## Operational Programmes, the foundation of the CMO

To achieve the objectives assigned to them by the CMO, the POs implement 3, 4 or 5-year operational programmes.

OPs are instruments that aim to promote producer grouping and collective action while Rural Development Plans support individual actions and projects of producers.

They concern the following actions:

- Adaptation of production tools to market demand and consumer expectations,
- concentration of supply,
- quality improvement,
- support for sustainable agriculture
- adaptation to climate change,
- conquest of new markets
- crisis prevention and management.

The OPs are co-financed jointly by the POs and their producers, and by the EU. They fully involve producers and make them actors of their own development. It can be said that OPs are the strategic business plans of POs.

They also enable rapid transfer of European funds to beneficiaries through a reactive system of advances and payments and thus have a significant economic impact. Operational Programmes are obviously a formidable development tool for producers. They support:

- Guidance and production planning to better meet the demand of POs markets. To this end, heavy investments are needed (creation of new orchards with varieties meeting the demand of POs customers, greenhouses and tunnels for vegetable productions, qualitative sorting and packaging equipment, improvement of storage conditions, etc).
- Commercial strengthening and development (improvement of policy and commercial positioning, search for new markets and new customers, promotional support).
- Environmentally-friendly technical itineraries that protect biodiversity, useful flora and fauna, water and air quality, and also the health of farm workers.
- An abundant, varied and accessible supply, at competitive prices, which allows a supply of the market in quantity as well as quality.
- The improvement of working conditions and the reduction of labour, in particular by mechanisation of production processes, quality sorting, packaging and placing on the market.
- Crisis prevention and management, in an attempt to mitigate, whenever possible, the adverse effects on producers of imbalances between supply and demand.

"For POs and producers of Rougeline, Operational Programmes have enabled us to accompany our business project focused on Agro Ecology (large means invested in Integrated Production) and an active and innovative business (actions around our brand *Les Paysans de Rougeline*)."

**Jean-François DELAUNAY**  
Executive Director of Rougeline  
France

"CAPEL, in particular the Fruit business, was able to rely on the OP to establish its base of producers, to extend it geographically, to integrate new associate producers and this in an approach that respects the environment"

**Joël ARMAND**  
Fruit and Vegetable Director of  
La Capel  
France

"For me, the CMO is undoubtedly an aid to improve our agricultural sector in all its aspects, with, among others, the improvement of the introduced technologies and a greater attention to the environment, the increase in the quality of our productions, the concentration of supply, notably by merging the zone's businesses, improving producers' incomes, and implementing better quality systems, protocols and, more generally, better economic development in our province."

**Juan Antonio Romera Bonilla**  
**President of Acrena, S.A.T.**  
**Spain**

"For me, the CMO and the resulting OPs are consistent and efficient. The OPs have allowed our co-operative to support and enable us to draw a future and dynamics that, without them, would have not been possible.

Beyond that, and if we know how to use this valuable tool, they constitute strategic and political means for our structures and our members, able to project us in the future and to counter both the desertification of territories and their impoverishment but also and above all to highlight our uniqueness while keeping all the added-value of our land."

**Yannick Seguy**  
**DG Cooperative Socave in Vergt**  
**France**

## Spending of Operational Programmes in Europe

**From 2011 to 2015, the overall operational fund envelope remained stable** due to very different evolutions in different countries. It has evolved in 2015.

The complexity of the implementation of the CMO and the insecurity created by the a posteriori controls are a brake on its development, while there is considerable potential for growth in Europe in particular in the countries of Eastern Europe.

The fluctuation of the aid corresponds to that of the volumes and turnover of the POs according to their harvests and market situations.

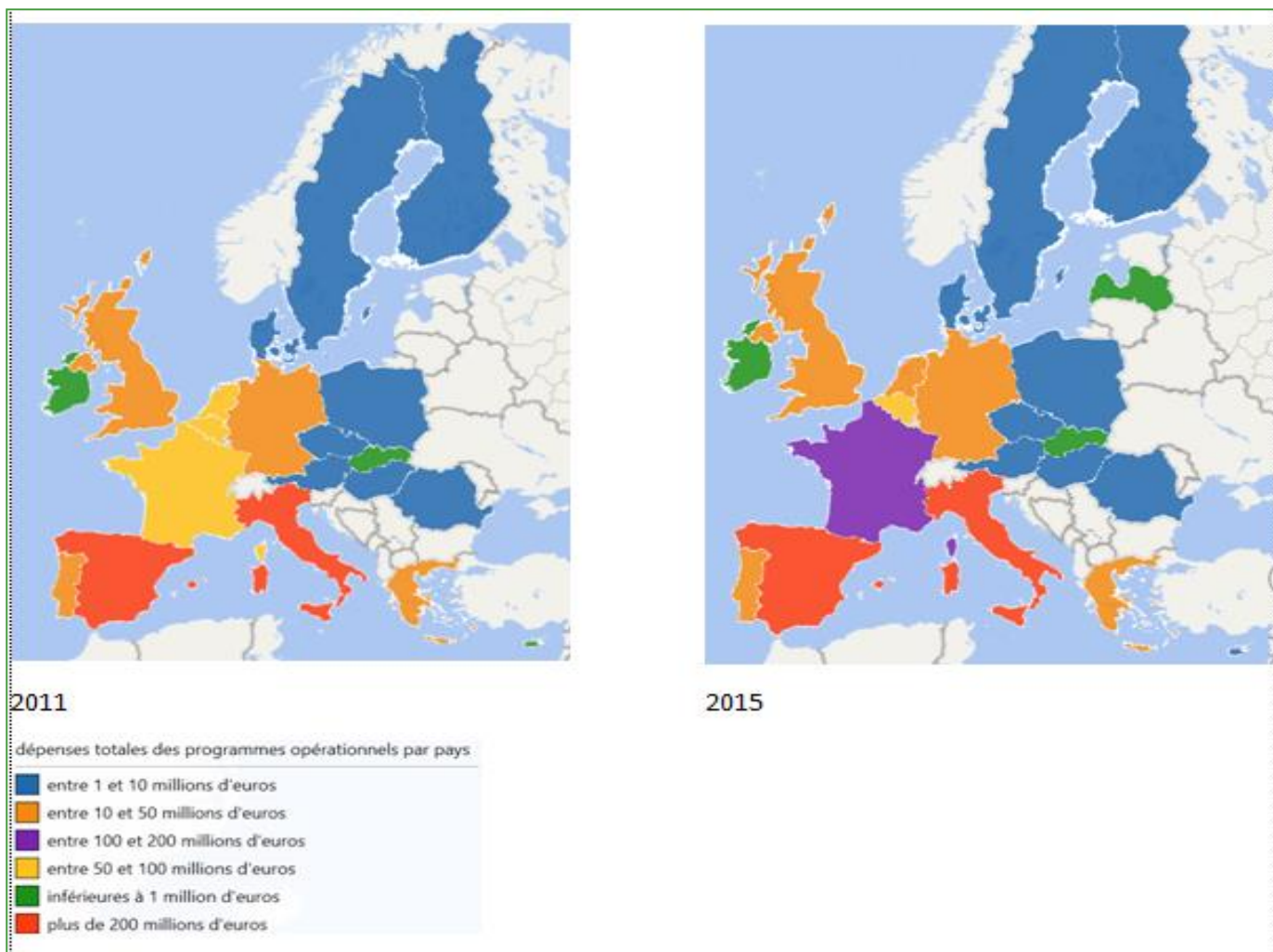
**Table 3: Spendings of Operational Programmes in Europe**

	2011	2012	2013	2014	2015
<b>AT</b>	6.834.710	8.201.768	7.765.988	9.737.206	7.894.864
<b>BE</b>	54.608.237	48.677.233	60.490.146	49.594.617	69.851.948
<b>CY</b>	821.736	854.411	880.686	836.291	2.017.192
<b>CZ</b>	1.578.264	1.926.202	2.016.607	2.222.968	2.763.598
<b>DE</b>	46.890.139	38.530.830	38.885.255	43.439.742	42.143.113
<b>DK</b>	6.033.897	2.187.973	3.175.160	4.266.517	3.499.391
<b>EL</b>	12.350.881	9.323.463	9.417.806	10.140.732	22.344.603
<b>ES</b>	203.325.993	176.329.524	180.185.582	180.335.209	207.813.317
<b>FI</b>	1.088.277	1.205.906	1.960.646	1.437.244	2.262.562
<b>FR</b>	97.847.853	96.419.604	88.732.574	119.786.969	114.114.933

<b>HU</b>	2.816.869	3.914.123	3.895.845	4.268.921	4.001.732
<b>IE</b>	155.911	9.672.528	180.731	4.789.182	321.543
<b>IT</b>	220.715.380	208.405.096	206.661.996	218.993.611	228.558.027
<b>LV</b>			111.126	492.030	495.229
<b>MT</b>	111.062				
<b>NL</b>	99.434.276	72.709.759	73.019.502	27.342.165	45.886.519
<b>PL</b>	1.198.355	631.912	812.332	888.449	6.866.580
<b>PT</b>	11.467.107	10.398.178	8.941.502	7.943.928	13.075.524
<b>RO</b>	4.066.763	1.129.891	420.820	642.043	2.357.706
<b>SE</b>	3.401.401	6.035.876	5.066.283	4.143.602	5.008.859
<b>SK</b>	328.088	490.633	182.330	697.344	493.421
<b>UK</b>	10.505.502	26.118.602	33.952.649	32.445.890	31.327.830
<b>Sum:</b>	<b>785.580.704</b>	<b>723.163.510</b>	<b>726.755.568</b>	<b>724.444.660</b>	<b>813.098.490</b>

Source EC-AGRI- R1

### Map: Spendings of Operational Programmes in Europe

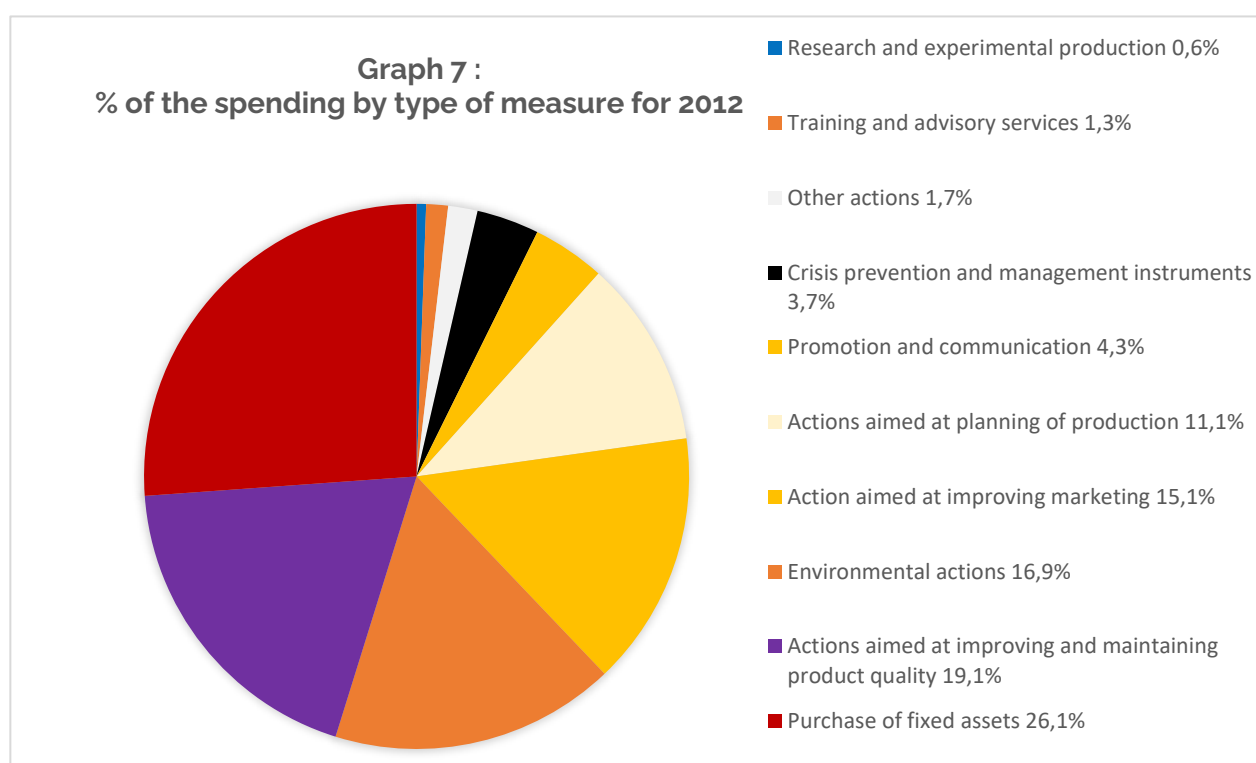


**Table 4: measures of the OP in million €**

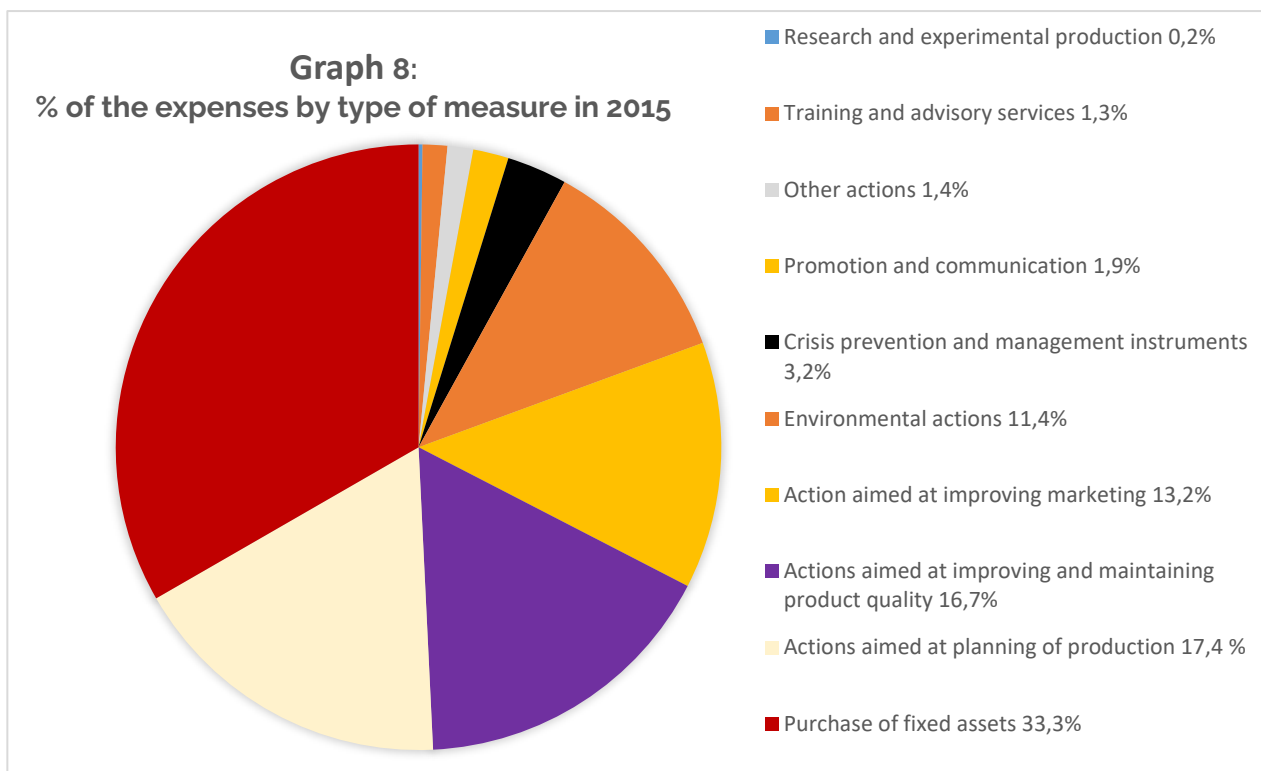
	2011	2012	2013	2014	2015
Actions aimed at planning the production	303	198	209	305	331
Actions aimed at improving and maintaining product quality	346	339	302	409	316
Actions aimed at improving marketing	304	269	221	321	250
Research and Experimental production	12	10	10	14	4
Training and advisory services	22	23	25	38	25
Crisis prevention and management instruments	90	66	54	87	61
Environmental actions	315	301	222	262	216
Other actions	46	31	20	37	26
Purchase of fixed assets	600	465	446	759	632
Promotion and communication	57	77	56	60	36

Source: EC-AGRI-R1

**Graph 7 and 8 : distribution of measures of OP in 2012 (6) and 2015 (7)**



Source : AREFLH, after EC DG Agri-R1 data



Source : AREFLH, after EC DG Agri-R1 data

As a whole it is possible to express a positive opinion as for the **effectiveness of the Operational Programmes**. The data of the annual reports which the Member States provide to the EC indeed showed that the POs/APOs, in spite of the unfavourable evolution of the market and the elimination of the coupled supports granted to the producers of tomato for the industry and to certain types of processed products, reinforced their economic weight in the fruit and vegetable sector of the EU.

Some general observations can be made in reference to the effects of OPs on the needs, the problems and the specific questions of the fruit and vegetable sector. One of the main challenges which the production sector must take up is its competition on the international scene.

POs have an obvious positive effect in this field while acting on the unit of the factors of production. They, in particular, made it possible to promote the marketing of the products of the associated members.

Moreover, the very great uncertainty and variability of the selling prices have very negative consequences on the economic performance of the farmers, and thus involve difficulties when projecting themselves in the future and planning the production. **A better stabilisation of the market prices** appears in the bases of the CAP and the CMO. The tools of prevention and crisis management must be reinforced and improved to be more effective.

## A broad range of structuring actions

The producing members of the POs meet **to decide priority actions** to implement, to answer at the request of the markets targeted by their business services. It is a difficult exercise because it is necessary to envisage which will be the needs for the triennial or quinquennial period, and to imply all the links of the value chain in a **coherent strategy** (producers, technicians culture and quality, persons in charge of facilities, trade. etc).

## 1. Knowledge and production planning:

Knowledge and production planning are major missions of the PO. They make it possible **to direct and adapt the production** depending on the request of the markets and to produce an offer of quality, abundant at competitive prices and in adequacy with the market demand. The success of this action also depends on external factors to the POs, such as the economic and political disturbances, the effects of the climate both for the production and consumption. However production planning is the **cornerstone** of the activities of the POs, in order to adapt the offer to the demand, to plan the activities and to contribute to a better negotiation of the trade agreements.

### Main actions:

- Varietal renewals according to the directives of the PO, dictated by the market evolutions.
- Tools of knowledge of the production:
  - The inventory of the orchards (species, varieties) for an anticipated knowledge of the settings in production in order to better plan what there will be to sell.
  - Quantitative and qualitative crop forecasts.
- Storage capacities to respond to the request of the markets.
- Technical tools for the security of the production: tunnels, anti-hail nets, antifreeze solutions, improvement of the greenhouses.

## 2. Improvement or the maintenance of a high level quality

**Quality and the service are the main differentiating criteria** for the European production, which is competing with countries at low prices and with standardised production.

The improvement of the quality of the products makes it possible to obtain a competitive advantage on the market, and a better economic positioning.

But quality is expensive and it implies costly material and immaterial investments.

### Mains actions:

- Investments: cold storage, qualitative sorting, tunnels, anti hail nets, pruning in green, irrigation, bleaching of the greenhouses, etc
- Integrated production and organic farming.
- Farming technical advice.
- Setting up quality standards (GlobalGap).
- Approaches under official signs of quality (Europeans and/or national ones), biological certification.
- Expert analyses on quality and residues.
- Systems of traceability of the products

"Operational programmes have helped improve the quality of our organic fruit and vegetables by financing production equipment and cold storage, allowing us to cool our products before shipping, but also by improving waste management and consumption of water through the use of biodegradable mulch and the use of drips on the crops of our producers."

**Nicolas Béragnes**  
Director of Sud-Ouest BIO, fruit, vegetable and prunes  
France

### 3. Improvement of marketing

One of the goals of the POs is **to reinforce the economic power** of their members by concentrating on the offer. This gives a wider access to customers who ask for partners able to provide important volumes, all year long, and with a homogeneous quality. The PO can integrate certain downstream functions, in a process of permanent innovation. They define and coordinate the corporate strategy.

#### Main actions:

- Investments of storage, qualitative sorting.
- Promotion.
- Participations in trade shows.
- Market studies.
- Establishment and development of brands.
- Acquisitions of stakes in a company.

### 4. Research and innovation:

**The future of the sector and its competitiveness largely depends on its capacity of innovation.** Many fields of research are concerned: innovation and variety adaptation, new routes for more environment-friendly productions, new systems of storage and of sorting that are saving energy, search for new products more adapted to the current modes of life, new packagings, etc

#### Main actions:

- Getting shares in a research consortium.
- Financing of the collective and private experimentation.
- The search and the evaluation of new varieties of fruit and vegetables for all the members.

### 5. Crisis management

Unfortunately the sector is regularly confronted with crisis of structural or of cyclical situations. A very strong dependence on the climate as much for the production (quantity and quality) as for the consumption, creates situations of imbalance between supply and demand and creates heavy falls of price for the producers.

It is difficult to fight against the structural or cyclical crises by measures which implement much heavier devices.

The tools available showed their limits which appeared particularly at the time of the recent crises which have affected the sector (for example the Escherichia Coli crisis). Moreover, their implementation only implies the organised sector and not the whole of the production.

The CMO, in spite of insufficient measures, makes it possible to face some situations of temporary instability.

### Main actions:

- Withdrawals and free distributions.
- Withdrawals, transformation (expenses of bottling, and routing).
- Promotion of the brands, communication (different actions from the traditional ones).
- Analysis of productions and markets.
- Insurance on crops and, climatic losses.

To be more effective the preventive measures and crisis management can be activated in a coordinated way, for example on the level of one or several APOs.

## 6. Actions in favour of the environment:

The producers and their organisations must, at the same time, **fight against the diseases and pests**, which affect the quality and the productivity of their cultures, while preserving their environment. **The climate change** is at the origin of the development of certain diseases. In parallel, resistances develop.

Moreover, the globalisation of the exchanges of all kinds (goods and people) is the cause of the appearance of new diseases that were, up to now, unknown in Europe.

Many actions are taken by the producers. They ask for an increased technicality. OPs included obligatory environmental actions (10% of the amount of PO or 2 environmental actions).

The CMO was a pioneer in this respect, since 1997, it is the first policy conditioned by environmental actions of all the CAP.

Green actions contributed much to improve the environmental performance of POs, and more generally of the whole of the production sector.

### Main actions:

- Integrated production, an action of integrated protection that has priority, provided by each Member State.
- Organic production.
- Reduction of the use of the pesticides, no-waste water and energy management (with compulsory results), systems of control.
- Respect of the biodiversity: protection of fauna, nesting boxes, posts for the raptors, nests with titmice, composite hedges, bats, etc
- Establishment of data sheets.
- Sexual confusion.
- Innovating machines of precision (agricultural pulverisers, spreaders of manure, etc).
- Hives for pollination.
- Biodegradable plastics.
- Solarisation.
- Seedlings grafted for tomatoes, eggplants, peppers.
- Reduction in the greenhouse gases (new refrigerating fluids).
- Common management of waste.

Some examples of results obtained with the application of the integrated production:

- Reduction by 54% of plant protection products (Kg/Ha),
- Reduction of potassium and nitrogen by 7% (Kg/Ha),
- Reduction by 18% of irrigation water.

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## Producers' organisations, committed economic actors

We chose to take as examples one to two POs in each Member State where AREFLH has member regions.

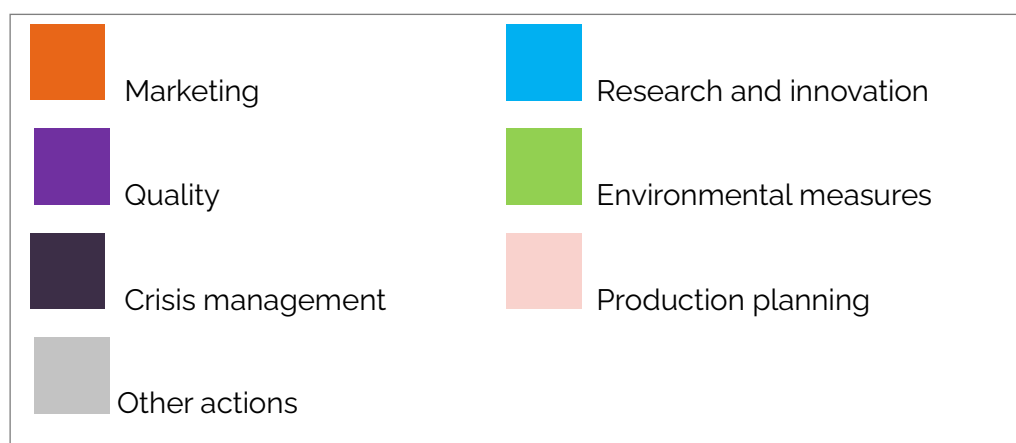
Our objective is to illustrate, by concrete cases, the central role of the POs and APOs for the dynamics of the European sector and in which the CMO was structured and instigating.

These presentations which you will find in annexes reveal the great diversity of the situations and the capacity of adaptation of the POs and APOs to various realities which exist within the European Union.

**As a synthesis, we can notice the following strong points:**

- **Improvement of the competitiveness of the fruit and vegetable exploitations**
- **Reinforcement of the commercial power of the POs on the market by marketing and commercial investments**
- **Improvement of the quality of the products by innovating techniques and investments as much on the level of the production as for storage, sorting and packing**
- **The development of a sustainable agriculture that is compatible to the environment**

**Chart legend:**

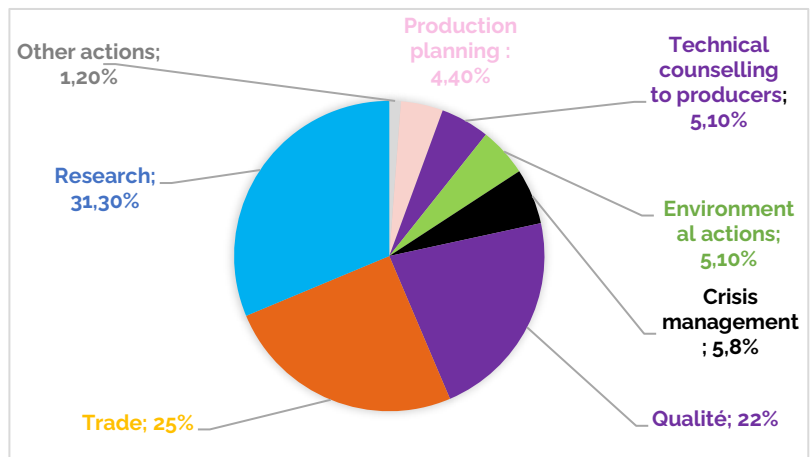


Its status: cooperative

It gathers 5 Producers Organisations: Belorta, Reo Veiling, Hoogstraten Veiling, LTV, CLTV For a sales turnover of 796,290,314 €

### Achievements of the CMO

- Development of joint actions in producing regions (for example: simultaneous auctions/veilings in Flanders)
- A stronger structuring in a globalised market
- Concentration of supply to face the concentration of demand
- Reinforcement of the sales force
- Reorganisation of the F&V sector for a better adaptation of supply to clients
- Professionalisation of the POs in their function and their structure
- Development of advanced services in favour of the producers
- Reduction of production cost
- Better structuring of the organisation for production (15 PO in Flanders in 1997 for the market expenses, 5 today)
- Investment in innovation and sustainability



Graph 9: The OP, distribution of the measures

In the Flanders region these objectives could be reached because the POs always invested in the collective actions and not on the level of the producers.

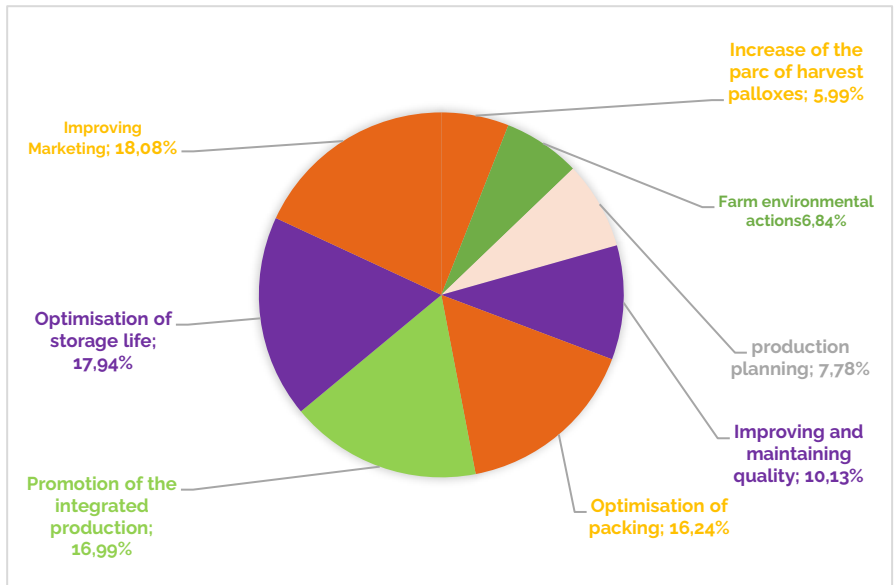
PO dell'Alto Adige

Status Agricultural cooperative

Number of members: 6,558

**Within the framework of the PO's strategy, the CMO contributed to:**

- The optimisation of the manufacturing costs.
- The development of the infrastructures of storage, qualitative sorting, packing.
- Environmental investments in particular for the integrated production.
- The investments of promotion and of marketing.
- Research and experimentation.
- Improvement of the quality of the products.



Graph 10: The OP, distribution of the measures

APO CONERPO (PO)

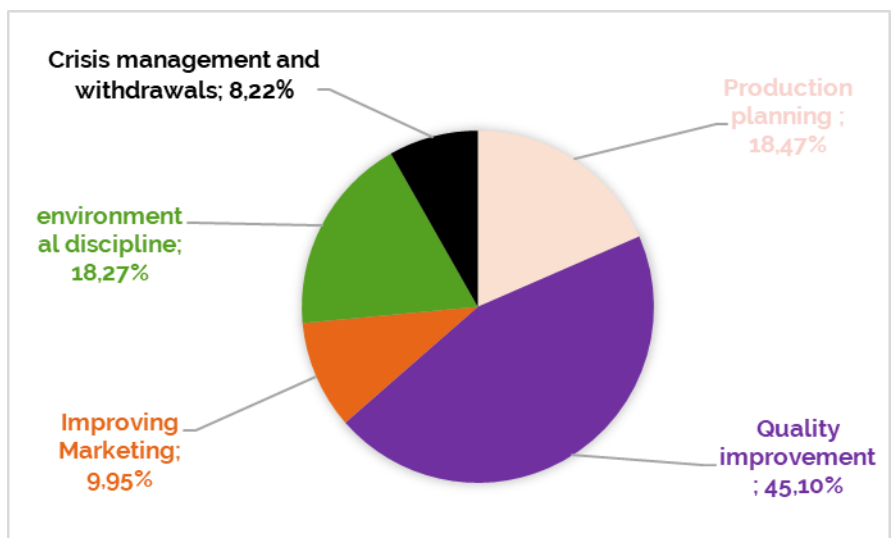
Status Agricultural cooperative

Apo Conerpo is supported by subsidiaries

**Assets of the CMO:**

The operational Programmes made it possible to promote in particular:

- A better production planning through a programme of varietal renewal. And the development of plants with new characteristics such as a better resistance to diseases.
- Increase in product quality by innovating techniques, by the setup of anti-hail of nets, investments of storage, packing and processing of the products.
- The development of a sustainable agriculture put up with the expectations of consumers.



Graph 11: The OP, distribution of the measures

- Improvement of the infrastructures of preparation of the products and packing, storage, search for cost-cutting, promotional actions.
- Prevention and crisis management (withdrawals of markets, promotional actions in order to consolidate the trade-circuits of the POs and its subsidiaries).

## France

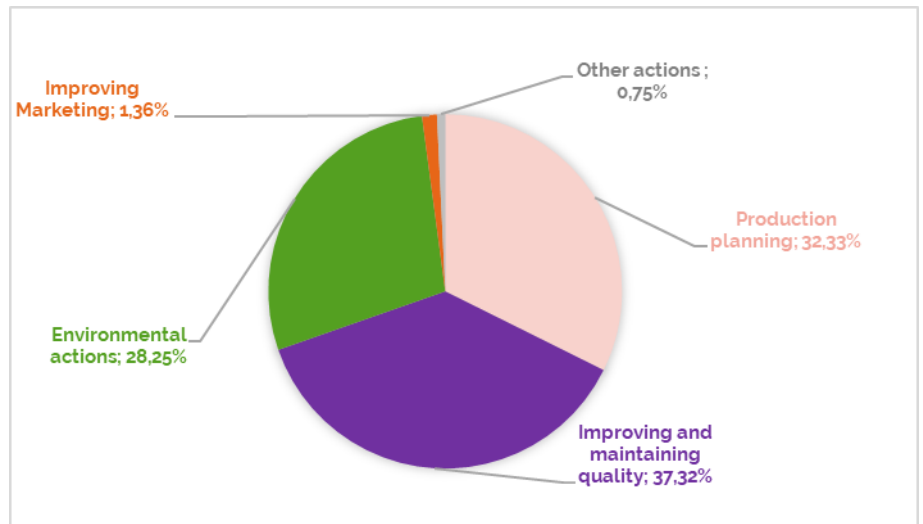
### SARL POM'EVASION (PO)

Status: Limited liability company (private limited company)

Pom' Evasion is supported by subsidiaries: Select fruits (export), Transfofruit (industry), the Loire Allia (club variety), Nova (varietal research), Pomalia (club variety), Fruitenz (club variety).

Taking into account the strategy of the PO, the CMO allowed to progress on the following points:

- A stimulation of the experimental actions.
- Improvement of competitiveness.
- A faster adaptation to market demand (new types of packing).
- A better promotion of the products.
- A better security of the production (anti-hail nets, antifreezes.).
- A stronger will of innovation.



Graph 12: The OP, distribution of the measures

## AGRISUD (OP)

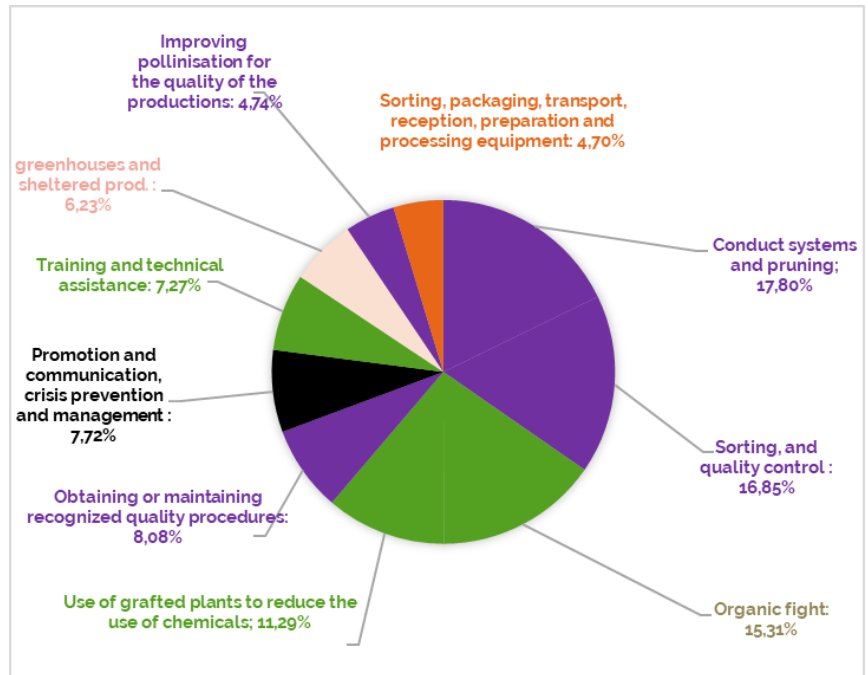
Legal status: S.A.S (Joint stock company simplified)

Commercial Subsidiary: SAS Rougeline

### Assets of the CMO:

The operational Programmes made it possible to promote in particular:

- The use of seedling grafts to have plants more resistant to diseases as well as better outputs.
- The coverage of the costs of labour that allows an improvement on the follow-up of the culture, the quality and on the label certification.
- Thanks to the investments, the farms become more powerful.
- The integrated production enables to reduce the use of plant-health products.
- The use of recycled packaging which enable to have a more ecological approach towards the environment



Graph 13: The OP, distribution of the measures

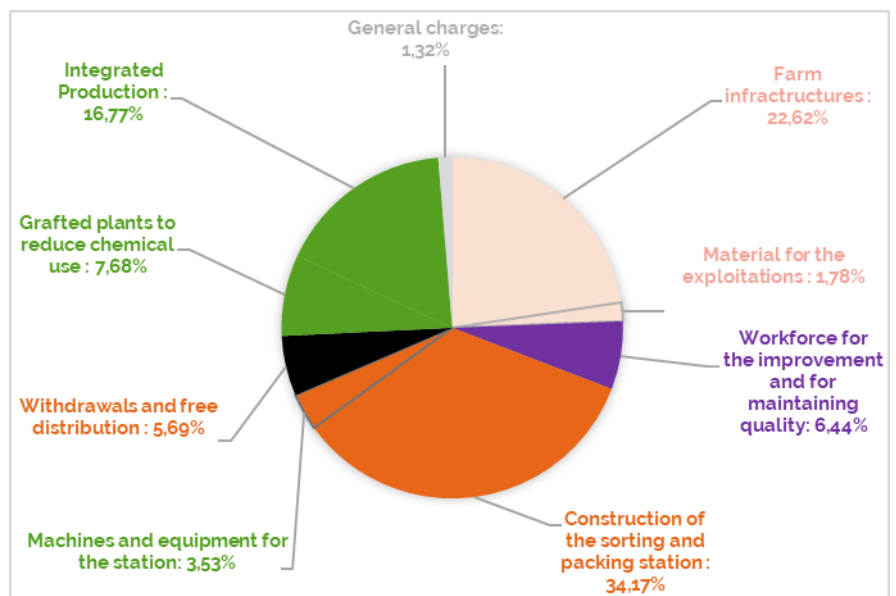
## Spain

### VICASOL, S COOP. AND (OP)

Status: cooperative

### The CMO has particularly contributed to:

- Improve product quality
- Improve the facilities and equipment of the PO
- Improve vegetable greenhouse equipment
- Involve new members
- Strengthen the commercial position of the PO in the market.



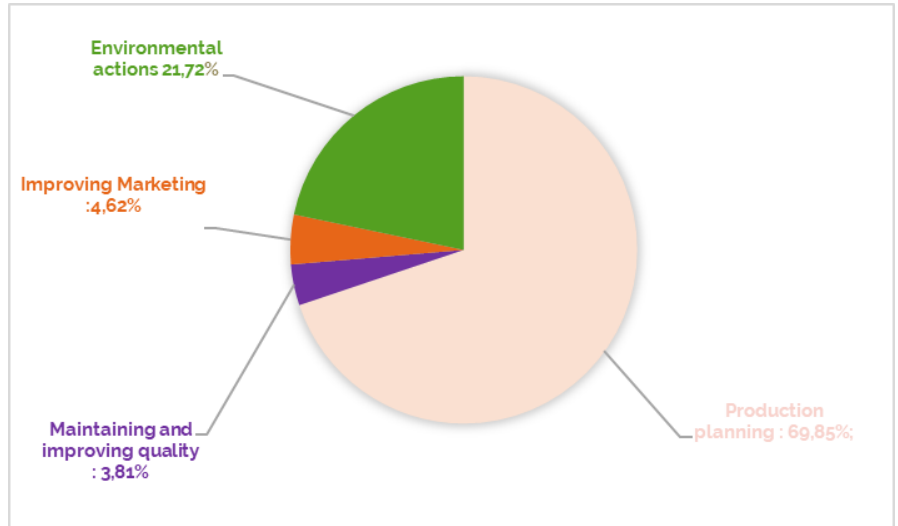
Graph 14: The OP, distribution of the measures

## SAT Agrícola PERICHAN (OP)

Status: agrarian processing company

The CMO had an impact on the following points:

- Improving and stabilising quality for a production that stands out in the market.
- Improving and modernising processes, increasing yields and reducing costs. Popularisation of environment-friendly techniques and optimisation of scarce natural resources such as irrigation water



Graph 15: The OP, distribution of the measures

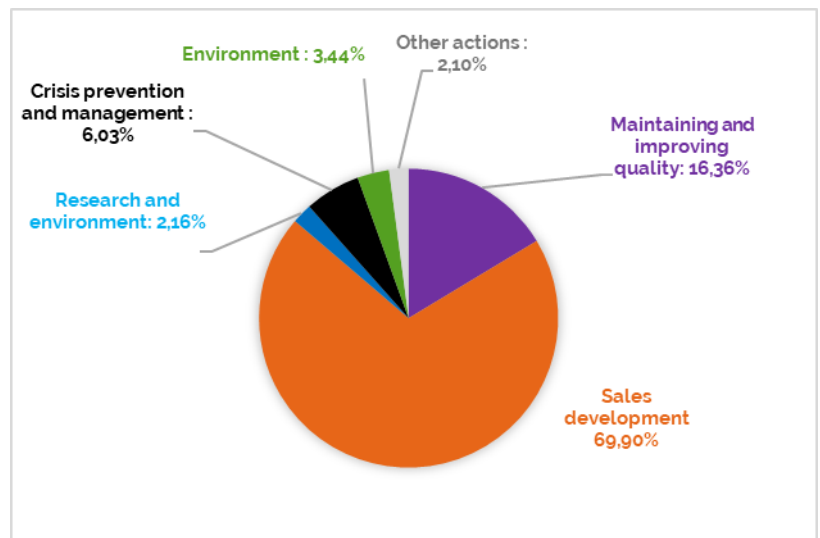
- Having a progressive and steady growth and having the motivation to continually invest.

## F&V PO from Catalogna

Status: fruit cooperative

**The CMO has particularly contributed to:**

- Commercial development and to the strengthening of export channels
- Improve quality to better meet demand



Graph 16: The OP, distribution of the measures

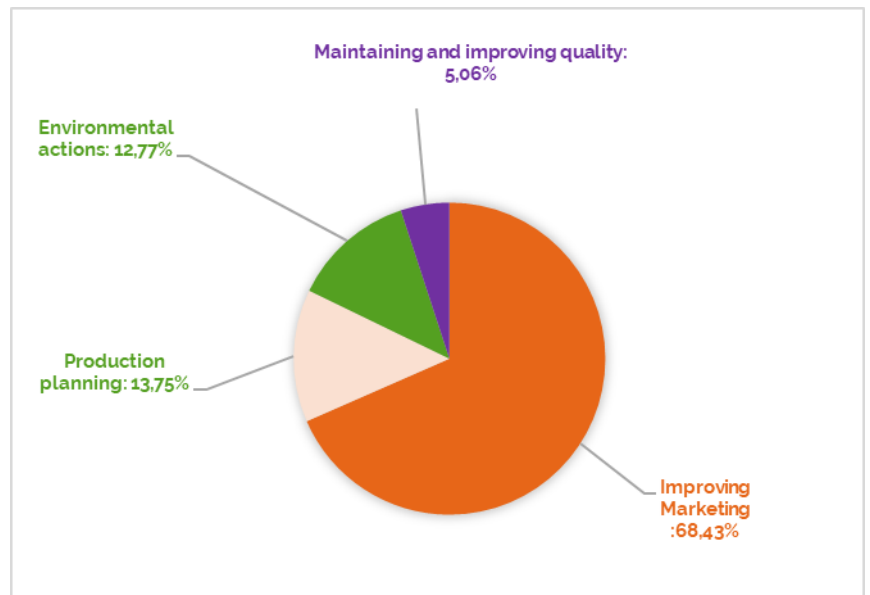
## Greece

### ASEPOP (PO)

Status: Cooperative

**In relation to the PO's strategy, the CMO has allowed:**

- Improved marketing and new markets.
- The renewal of plantations and new varieties.
- An improved quality.



Graph 17: The OP, distribution of the measures

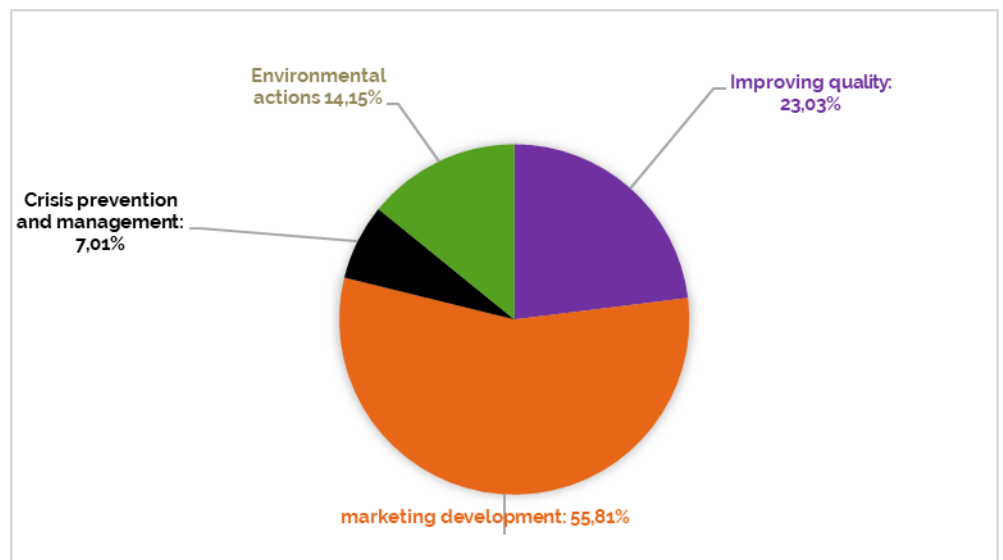
## Portugal

### FRUTOESTE (PO)

Status: Cooperative

**In relation to the PO's strategy, the CMO has allowed:**

- An improved product quality.
- An improved positioning of the PO in the market.



Graph 18: The OP, distribution of the measures

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## The producers organisations have their say

### **Michel GAIGNOUX**

#### **Director of the PO Coteaux Quercy (France)**

"For me the Fruit and Vegetable CMO is the indispensable financial support for a sustainable and viable sector."

"The Operational Programmes have helped improve the technical, agronomic or environmental performance of members to safeguard local income-generating agriculture. "

### **David Totel**

#### **Director of OP SA S.O.P.A. And SCA C.A.S.A.Y.**

#### **Director of the subsidiary SAS Kultive (France)**

SOPA is a company specialised in organic cucumber, pepper, beet, carrot and vegetables

CASAY is a cooperative specialising in cucumber and tomato.

Kultive is a subsidiary with over 90%. It contains 3 POs, including SOPA, CASAY (a sales office oriented in particular on carrots, cucumbers and vegetables certified in organic farming) and Arterris (carrot and a range of root vegetables and diversification).

"For our POs, the Operational Programmes have been, are, and hopefully will continue to be, a catalyst for joint projects."

### **Brigitte Weiss**

#### **Deputy Director, responsible for the OP (since 1997), and in charge of PO SCA Terryloire (France)**

Terryloire is a cooperative specialising in apple, pear, asparagus and echalion, it is the result of the recent merger of *La Reinette Fruitière* and the *CAFPAS*

"For me, the PO and the OP help with production and marketing, they allow us to cope with the acceleration of developments and to remain competitive."

### **Jean-Maurice Foucher**

#### **Producer of salads and leeks and president of the Cooperative of the Producers of Doué-la-Fontaine "Rosée des Champs" (France)**

The CPL is a multi-vegetable cooperative, very oriented to ready-to-eat products.

"For me, the OP is a structuring element of the sector. It encourages regrouping, it allows to remain at the top of the technical and environmental innovation; It is an accelerator of projects."

### **Michel Traineau**

#### **Producer of asparagus, member of OP Fleuron d'Anjou (France)**

Fleuron d'Anjou is a vegetable cooperative that works with about thirty species of vegetables and berries

"For me, the OP helped us restructure and develop our productions. It allows us to move forward technically and, to summarize, it allows us to exist today and tomorrow. "

### **Pierrick Gauvin,**

#### **President of the OP Terres de Saint Malo, member of the AOP CERAFEL (France)**

"The operational programmes allowed us to develop and consolidate a strategic axis of our organisation, promoting and communicating around *Prince de Bretagne*, a brand that is common to 6 cooperatives.

With these tools, we were able to accentuate promotional campaigns and gain fame on the European territory. Our products are thus better known and recognised. "

**Gilbert Brouder, President of OP UCPT, member of the AOP CERAFEL (France)**

"Structuring a common organisation on a territory is complicated enough, but keeping it or even developing it is a daily struggle. The fruit and vegetable CMO allows APOs and POs, the keystone of this CMO, to concentrate the supply of producers. This is indeed one of the basic prerogatives of this CMO. Operational Programmes support various actions to help us to combine this offer of fruit and vegetables while developing various means of marketing (improvement of production knowledge, development of sales systems, adaptation of the offer to the demand, etc.). The strength of the production is the regrouping! An anarchic offer can only harm our productions that are already subject to numerous hazards (climatic, monetary). "

**Loredana Alberti  
Presidente OP Gbc Funghi delle terre di Romagna (Italy)**

"Our PO specialises in the production and marketing of cultivated mushrooms, mainly Agaricus but also Pleurotus, Agrocybe and Portobello. We operate in a niche market.

The possibility of implementing operational programmes co-financed by the EU has made it possible to allocate resources each year in order to:

- Improve the quality of our production: invest in the cold chain, which is essential to maintain product quality;
- Training for producers, given the particularity of the sector, which requires very specific techniques;
- The incentive to concentrate supply and share the best techniques for product manufacturing;
- The diffusion of knowledge and the promotion of our product by creating ITALIAN MUSHROOMS, a subsidiary emerging from the will of GBC Mushrooms of Terre di Romagna and other POs specialists of cultivated mushroom. "

**José Mariano López Galindo  
Manager Parque Natural, S.Coop.And (Spain)**

'The fruit and vegetable CMO is a tool for all actors operating in this market to prevent imbalances in the market which affect producers' incomes. The CMO must provide producers with the necessary tools to ensure the sustainability of their business.

To this end, the CMO is an incentive, but it is less and less attractive due to excessive legislative constraint and an imbalance between costs and benefits'.

The establishment of producers' organisations has made it possible to give producers access to certain financial instruments (programmes and operating funds), thus helping them to be more structured and professional and to produce with greater social responsibility.

After 20 years of PO action and thanks to these financial instruments we have succeeded in providing producers with the equipment and a strong organisation that allow them to be viable in an increasingly competitive market equilibrium.

### **Jorge Silva Torres**

#### **Manager of Cabasc, S.Coop.And. (Integrated Group Unica S.Coop.And Cooperative) (Spain)**

"The action of the OP has contributed to the advancement of Almerien production. It allowed:

- Better standardisation of products,
- To innovate and improve culture with integrated control
- To improve investment of structures for the future
- A higher concentration of the offer of its members."

### **Nestor J. Sánchez**

#### **Managing Director of Indasol, S.A.T (Spain)**

"For me, the operational programmes have allowed innovation and modernisation of Almeria's greenhouses and production techniques. They have improved the quality and service of our products to our customers and farmers. All this means that the Almerian field is at the forefront and that the fruit and vegetable sector is continuously improving. "

### **Juan Segura Morales**

#### **President of Coprohnijar, S.Coop.And (Spain)**

"For me, operational programmes are an effective tool for farmers belonging to the PO, they can help them to meet the challenges that would otherwise be more difficult to face."

### **Francisco Salvador Belmonte Méndez**

#### **President of Biosabor, S.A.T. (Spain)**

"For me, operational programmes should be the driving force for the structural improvement of agricultural facilities in almerian production "

### **ACTEL / SCCL, Catalonia, Spain**

Operational funds allocated to our Producer Organisation through Multi-Year Operational Programmes are an important instrument for adapting to changing market demands and an impetus for the improvement of production processes both for production and marketing activities of PO products. For the members of Actel, SCCL, these funds made it possible to adapt production to the requirements of the markets, both in terms of varieties and packaging required by customers all over Europe.

Regarding the evolutionary needs of the regulatory framework, Actel proposes two lines of work:

First and foremost, the goal is to achieve greater legal certainty in the interpretation of the rules and their application. The diversity of service agents who develop standards (European Commission, national and regional administrations - and MAPAMA-FEGA), which interpret and sanction them, generate a constant state of uncertainty for PO and block specific economic decisions in the medium and long term. Therefore, the criteria for control and audit should be unified by the European Commission.

The second line of work should be the improvement of crisis management mechanisms. This implies not only an improvement in withdrawal allowances but, more broadly, a wider system that allows the PO to commit to long-term decisions. One option would be to improve real-time information systems for fresh produce markets by taking advantage of current technology tools, and market prices or wholesale and destination prices. Market transparency is essential to improve competitiveness and to predict market developments, thus allowing for anticipation in production decisions (medium and long-term) and in commercial ones (short-term).

## Cooperativa Sant Domenech, Catalonia Spain

Number of POs: 592 POs

Operational funds, represented by the financing of the operational programmes implemented by the PO, represented a very important financial instrument for our producer organisation to achieve the social objectives corresponding to the criteria of Regulation (EC) 543/2011 and 1308 / 2013. They can be summarised essentially around two axes: the improvement of the agricultural incomes and the respect /improvement of the environment, as regards cropping systems, as well as management of used materials.

As regards the proposals for improvement, it would be necessary to define clear European criteria for eligible actions through operational programmes in order to avoid possible corrections in post-clearance checks. Indeed the criteria and the documentation required are not always homogeneous and this causes difficulties.

For all of them, the CMO made it possible to:

- Invest in fruit and vegetable facilities: storage, sorting, packing, optimising production costs.
- Invest in environmental actions in operational plans.
- Renew orchards to better match supply to market requirements.
- Invest in R & I, new varieties / resistant varieties.
- Develop marketing and communication.

### Concentrating even more the offer

The economic organisation of production has been structured over the years, but it still has several limitations. In particular, its bargaining power with its downstream actors is still too low in view of the international competition to which it is confronted.

POs need to maintain and strengthen the dialogue with organised retailers (large scale distribution), but to do so they must continue to innovate in all areas (varietal offer, product presentation, etc.) and put more emphasis on health and the specificities of the territories.

Groupings must continue to develop to better concentrate supply (mergers, national and transnational APOs, commercial subsidiaries, etc.).

#### **The proposed improvements:**

- To better support the supply concentration process by introducing an aid gradient to the OP depending on the level of services (examples: internationalisation, risk management) and commercial integration provided by the PO (possibility for example, 2.5% of OPs that provide only technical and environmental support, up to 6.5% for commercial APOs).
- APOs play a central role in the process of concentration of supply: opening the possibility of providing European support at APO level and not at PO level, strengthening the role of APOs, administrative simplification, which implies a better definition of the role and responsibilities of the Member States. Member States may define a strategy to clarify the role of APOs in partnership agreements.
- It is important to have a clear recognition of the strategic role of APOs as clusters for the growth of the sector and consequently the possibility of presenting a unit operational programme.
- The recognition, administration and control of transnational APOs must be ensured directly by the European Commission in order to remove the administrative and financial obstacles.

### A specific aid for the development of the organic production

In recent years, organic production has undergone considerable expansion, both in terms of the agricultural areas involved and the increasing interest of consumers.

This positive trend concerns all Member States with different growth rates.

In addition to the social aspects specific to this production system, the development of organic production represents a real commercial opportunity and a valorisation for the production and the income of the engaged producers.

POs in their operational programmes are called upon to achieve specific environmental objectives, such as safeguarding, protecting and improving the environment, protecting biodiversity and human health, and ensuring the sustainable and rational use of natural resources, particularly water and soil.

The development of organic production is on a promising niche, but at present it is only partially achieved.

The current Regulation on the fruit and vegetable CMO provides for a 60% aid for organic farming (Rgl CE 1308/2013 Article 34 (3) (C) but still within the ceiling of 4.1 % of the value of marketed production. This situation is detrimental to the development of organic farming within the framework of the operational programmes.

To this end, we are calling for an effective increase in European aid on the model of crisis prevention and management: an additional 0.1% of the value of marketed production for the implementation of information measures and communication to consumers as well as research and experimentation. This would increase the added value for primary production and reduce the variability of economic results for farms.

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## A more efficient crisis management

- **It is necessary to widen the range of the possibilities of interventions**, for example: insurance of credit funds/ mutualisation funds/promotion, etc.
- **It is also important to adapt the funds of mutualisation** of the PO to support the prices in the event of proven crisis.
- With an aim of reinforcing the full membership of the producers of the PO/APO, it is essential to give the possibility of registering in the operational funds the creation of funds of mutualisation to intervene in compensation of the losses of income of the producers in the situations of unfavourable markets, not limited to the administrative costs but allowing the supply of the funds in compensation of the allowances paid to the producers.

It would to cover:

- The credit insurances,
  - Compensations paid to the producers,
  - Projects of internationalization.
- **Lastly, it is necessary to widen the eligibility of the actions of promotion**; the proposals made within the framework of the Omnibus regulation seem in this respect important to us,

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## The actions on quality, research and environment

The concept of overcost does not function, in particular for the environmental actions: the entirety of the costs must be taken into account.

The sector needs research and a technical and organisational innovation that is more dynamic and that lies in an appropriate and more inciting framework.

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## Transparency of the market

**Market transparency has to be improved** by taking into account, in the eligible actions, the observatories of the production and of the markets.

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## Control methods and audits

They have to be simplified and secured by:

- The evaluation and control of the OP should be on the concept and strategy level and not on the level of the costs proposed.
- Defining rules which take account of the collective character of the PO and not of the criteria decided for the EAFRD.
- Setting up controls which take into account the results of former controls on the basis of analysis of risks (reduced controls).
- Defining a proportionality of the sanctions according to the level of gravity of the failures.

## CONCLUSION

One must remember that European fruit and vegetable producers have been for a long time in direct contact with a globalised and increasingly competitive market.

They face fierce competitors who enjoy many economic, social and environmental benefits.

The European Union is the world's largest importer of fruit and vegetables and its trade balance remains very unstable.

The major challenge for producers lies in their competitiveness and the balance of power with large-scale retail.

The CMO represents a powerful tool for technical, economic and commercial progress, which supports producer organisations in their efforts to strengthen their economic and commercial position, to adapt to the demand of international markets and to ensure the environmental sustainability of their production.

This White Paper provides a positive assessment of the CMO not only for producers but for the sector as a whole.

It is through the collective action of producer organisations and their associations that these challenges can and should be met.

On behalf of AREFLH College of Producers that I chair, I give my full support to this policy which is, and remains, indispensable, modern and innovative.

**Jean-Louis Moulon**  
**Fruit Producer**  
**President of IDfel France**  
**President of AREFLH College of Producers**

## ANNEXES-EXAMPLES

We have chosen to take as examples one or two POs in each Member State where AREFLH has member regions.

Our objective is to illustrate, through concrete cases, the central role of the POs and APOs in the dynamics of the European industry.

- What is their economic and social weight?
- What are the services rendered to their members?
- What are the actions of the operational programme

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### Belgium

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#### LAVA CBVA (AOP)

Status: Cooperative

It brings together 5 Producer Organisations: Belorta, Reo Veiling, Hoogstraten Veiling, LTV, CLTV for a turnover of 796,290,314 €

#### **The Operational Programme:**

Control value	3 301 552 € 4,4%
Commerce	18 452 762 € 25,1%
Research	23 123 940 € 31,3%
Technical advice to producers	3 781 702 € 5,1%
Crisis management	4 236 050 € 5,8 %
Environmental actions	3 799 056 € 5,1%
Quality improvement	16 223 017€ 22,0%
Other actions	898 785 € 1,2 %

Status: Agricultural Cooperative

Number of member producers: 6 558

### The operational programme:

Duration of the operational programme	2014-2017
Value of the operational programme	53,367 798.21 €
Value of the marketed production (2016)	596,132 134.89 €
% OF/VMP	9.01%

### Actions of the operational programme:

- On the level of the production:
  - Through a convention with the centre of the Council of High Adige: introduction of new varieties, royalties, purchase of material of nurseries, consortium of varietal renewal.
  - A technical assistance for harvest and for the conservation can be used by the members
- As for quality with an objective of improvement
  - Monitoring service of quality: quality control on the level of packing, conservation and shipping, quality specifications, costs of labour in charge of control
- As for environmental measures:
  - Quality service for the organic products, promotion of the integrated production
  - Application of alternative and organic production techniques
  - Promotion of healthy products: management based on the analysis of residues.
- Regarding marketing:
  - Search of new markets and studies on consumption
  - Marketing actions
  - Generic advertising and publicity for collective and individual actions.
- Other actions:
  - Automation and rationalisation of the internal processes of traceability from farm to fork
  - Optimisation of the facilities of work, shipping, administration and sale.
  - Optimisation of the facilities of packing and storage.
  - Improvement of the qualitative sorting: facilities and equipment which guarantees a better output and savings in costs.
  - Optimisation of packing: facility and equipment guaranteeing a better output and cost-savings in costs.
  - Optimisation of transport in the farms (forklift trucks, robots...).

<b>Actions</b>	<b>valeur (x1000 €)</b>
Improvement of trade	6 457
Planning of the production	2 780
Quality improvement and protection	3 616
Environnemental actions for farms	2 444
Optimisation of storage	6 407
Optimisation of storage	5 799
Increase of the stock of palloxes for harvesting	2 139
Promotion of Integrated production	6 069

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## APO CONERPO

Status: Agricultural Cooperative

Apo Conerpo relies on subsidiaries

The value of the marketed production: 472 180 896,43 € (2015)

Total billing: € 663,925,344.37

Number of members: 6,249

### The services to members:

- Production planning and implementation of the most advanced techniques to improve quality and promote environment-friendly production.
- Quality improvement: technical support to producers, development of innovative storage and packaging techniques, quality certifications, implementation of traceability from the production plot.
- Environmental actions: integrated production, sexual confusion, use of beneficial organisms, maintenance of biodiversity, use of grafted plants.
- Marketing: the PO directly markets the products intended for the processing industry and for the fresh market, via the subsidiaries to the main channels of the supermarkets and the traditional markets. For the pear, APOCONERPO is a member of OPERA, BRIO for organic production and Valfrutta Fresco for premium quality products.

### The Operational Programme

Duration of operational programme	2015/2019
OP value	42 457 043,54 €
Marketed production value	475 377 775,74 €
% of VMP	8,98%
Production planning	7 806 557 €
Quality improvement	19 066 177 €
Marketing improvement	4 205 538 €

Environmental Discipline	7 722 704 €
Prevention of crises and withdrawals	3 476 066 €

## France

### SARL POM'EVASION (PO)

Status Limited liability company (private limited company)

Pom' Evasion is based on subsidiaries: Select Fruits (export), Transfofruit (industry), the Loire Allia (club variety), Nova (varietal research), Pomalia (club variety), Fruitenz (club variety).

The value of the marketed production: 21,896,000 €

The total turnover: 31,227,000 €

The total activity including the services: 33,252,000 €

#### Services to the members:

- Common engineering service for farming techniques (a technician on orchards in external service).
- Improvement of quality: certification, referencing customer.
- Environment: technical files with experts
- Marketing.
- Grouping of packaging, common data processing.

#### The operational programme:

Period of the operational programme	2017/2021
value of the marketed production (OF 2016)	23 320 375 €
production planning	248 130 €
improvement and maintenance of quality	846 578,16 €
environmental actions	383 203,79 €
improvement of marketing	395 592,84 €
others	56 441,15 €
Amount of the operational funds 2016	1 929 945,94 €

### AGRISUD (OP)

Legal status: : S.A.S simplified share holding

Subsidiary:: SAS Rougeline (Commercial)

<b>Activity</b>	<b>value (x1000€)</b>
Total turnover for fruit and vegetables including value of marketed production	33 642
Intrants sales	579
Services	4 255
Others	
Total	38 476

### Services to members:

Farming techniques	Technical advice and in soil and soilless
Quality improvement	Setting Rougeline specifications and certifications and developing new taste varieties
Environment	Technical assistance in integrated fight and other certifications Services for recycling substrates, plastics and recovering empty packing
Marketing	Forecast of production calendar in partnership with sales office to meet customers needs
Others	Varietal and commercial commission, phytosanitary surveillance cell, development of integrated software to co-ordinate all the company activities (production, supplies, sales)

### Operational Programmes:

<b>Measures</b>	<b>Amount (x1000€)</b>
Conduct and pruning systems	394
Quality control	373
Biological fight	339
Use of grafted plants to reduce chemicals	250
Obtaining and preservation on recognised qualities	179
Promotion and communication, prevention and crisis management	171
Training and technical support	161
Green houses and tunnels	138
Improvement of pollination for the quality of productions	105
sorting, storage, packing, transport, reception, preparation of the 1st processing equipment	104

## VICASOL, S COOP. AND (OP)

Status: cooperative

### Activity for campaign 2014/2015 :

	Value (x1000 €)
Total turnover fruit and vegetables	166 556
Marketed production value	159 299
Intrants sales	16 454
Services	
Others	62
<b>TOTAL</b>	<b>183 072</b>

### Services to members:

Cultivation techniques	Technical assistance to the producers
Improvement of quality	technical assistance in the field and analysis labs
Environment	Technical service
Commercialisation	Sales office
Others	Social service and fiscal assistance Advising service for CMO aids

### The Operational Programme:

Period of the operational programme in progress: 2014-2018

	2016	2017
Total of the operational programme	11.933.218.16 €	14.024.477.96 €
Value of reference commercial production (TF 2016)	139.178.084.41€	159.299.035.51 €
Percentage of FO on VMP	8,6%	8,8%

### Actions of the operational programme

Actions	value(x1 000€)	Value (x1 000€)
	PO 2016	PO 2017
Farm Infrastructures	3 064	3 078

Farm Equipment	176	242
Laboratory equipment	311	0
Workforce for the improvement and preservation of quality	827	877
Building of the storage and packing station	0	4 650
Machinery and equipment for the station	2 597	480
packing and palloxes in the field	190	0
Free withdrawals and distribution	520	775
Grafted seedlings to reduce the use of chemicals	624	1 045
Integrated production	3 203	2 282
General expenses	180	180
<b>TOTAL</b>	<b>11 933</b>	<b>14 024</b>

## F&V PO of Catalonia

Status: agricultural cooperative

### Activity:

Activity	Value (x1000 €)
Turnover	31 836
Marketed production value	30 373
Intrants sales	-
services	102
others	104

### Services rendered to members:

farming techniques	technical consulting service to the members: preparation of the soil, plantation, fertilisation, irrigation, cutting, polishing, growth regulators
improvement of quality	specifications of quality (Brix degree) by variety, sampling to decide the date of harvest, plant health analyses of residues, maintenance of the vegetal cover, control diseases, safeguarding of fauna and flora
environmental actions	technical advice (maintenance of the quality of the soils, waste disposal of cutting, plastics, plant health packing of products)
commercial positioning	opening of new export markets, planning of marketing according to the calendar of harvest
others	development of new varieties of pip and stone-fruits

**Operational programme:**

<b>actions</b>	<b>value (x1000 €)</b>
maintenance and improvement of quality	359.03
commercial development	1 534.07
Research and experimentation	47.50
prevention and crisis management	132.43
environment	75.45
others	46.08

**SAT Agricola PERICHAN (OP)**

Status: transformation agrarian company

Economic activity in 2016:

<b>Activity</b>	<b>value (x 1000 €)</b>
Turnover	91 863.59
Value of the marketed Production	52 986.67
Sale of intrants	545.53
Services	80.08
Others	0.00
<b>TOTAL</b>	<b>92 489.20</b>

**Services rendered to members:**

<b>Service of type</b>	<b>Description</b>
Farming techniques	The technical service of the PO decides the guidelines of the production which the members will implement in order to obtain a homogeneous production.
Improvement of quality	The PO defines the quality standards of the products as to offer a product that is homogeneous and that corresponds to the expectations of the purchasers and that can dissociate itself on the markets.
Environmental measures	The PO ensures the programming of the cultures and consequently establishes the environmental obligations such as the use of tomato grafted seedlings, etc
Commercial action	The sales department of the PO ensures the management of the customers, negotiates the contracts, organises the programmes of delivery, IT logistics and the receipt of payments

Others	The PO takes care of the negotiation of the protocols and certifications of quality for the whole of the members so that the products delivered to the clients are of homogeneous quality, although coming from different exploitations and soils.
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## Operational programme

Period of present operational programme	2014-2018
Total value of operational programme	4 587 355,54 €
Reference marketed production value for the 2016 OP	57 615 981,22 €
OP percent vs VMP	7,96%

Actions of the operational programme:

Actions	Value (x1000€)
Production planning	3 140,31
Quality improvement and preservation	171,09
Marketing improvement	207,79
Environmental measures	976,42

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## Greece

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### ASEPOP (OP)

Status: cooperative

Number of members: 260

#### PO's activity:

Activity	amount (x 1000 €)
Total turnover fruit and vegetables	7 617
Including total marketed production	
Intrants sales	-
Services	-
Others	-
<b>TOTAL</b>	<b>7 617</b>

**Services rendered to members::**

Services	Description
Cultivation techniques	Introducing new techniques to improve production
Quality improvement	New varieties, sorting, irrigation
	Measures to protect environment

**Operational programme:**

2016 amount of operational funds	470 690,71 €
Reference marketed production value for the 2016 OF	6 892 609,35€
Percent of OF vs VMP	6,83%

**Main OP actions**

Actions	Amount (x1000€)
Marketing improvement	322,1
Planning of production	64,7
Protection of environment	60,1
Quality improvement	23,8

## Portugal

**FRUTOESTE (OP)**

Status: cooperative

**Activity of PO:**

Activity	value (x1000€) 2015
Turnover	4 571
Value of the marketed production	4 263

**Services to members:**

Services	description
Growing techniques	assistance in integrated production
quality improvement	Fruit qualitative control
environment	assistance in integrated production

**The Operational Programme:**

The reference period: 2014-2017

The value of the operational fund: € 425,052.36

The volume of marketed production: 8,898,032.08 kg

**Actions of operational programme:**

<b>Actions</b>	<b>Value (x1000 €)</b>
Quality improvement	97,906
Marketing development	237,23
Measures for the prevention and management of crisis	29,775
Environmental actions	60,14

## A SHORT PRESENTATION OF AREFLH



Assembly of European Regions producing Fruit, Vegetables and Ornamental Plants

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### Our goals

The purpose of AREFLH is to represent and defend the economic and social interests of regions and producers of fruit and vegetables in the European institutions.

It is a platform for the exchange of experience and good practice, the aim of which is to promote partnerships and joint actions between regions and professional organisations.

Through the European policies of the fruit and vegetable CMO, promotion, research & innovation and territorial development, AREFLH is actively contributing to the support of regional productions and economies.

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### Priority themes:

#### The CAP and the Fruit & Vegetable CMO,

What are essentials for the technical and economic progress of European fruit and vegetable production in the face of global competition (9.2% of the value of the production of producer organisations is invested each year under the CMO).

#### Research & Innovation,

What must meet the needs of producers, and help promote environmentally friendly agriculture.

**Food promotion and education**, to combat the decline in consumption of fresh fruit and vegetables in Europe.

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### Working Groups and Commissions:

- The CMO Expert Group
- The Commission 'Promotion and Markets':
- The Task Force 'Research and Innovation'
- The Committee of Directors of Associations of Producer Organisations:
- The Flowers and Plants Working Group



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## ACKNOWLEDGEMENT

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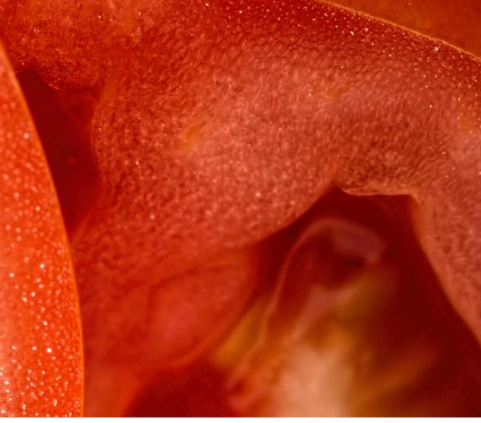
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