

Key Action n° 5

Sustainable agriculture, fisheries and forestry, and integrated development of rural areas including mountain areas.

Development of Origin Labelled Products: Humanity, Innovation, and Sustainability

DOLPHINS

Contract QLK5-2000-00593

Enlarged Steering Committee (ESC)

(Steering Committee + WP responsables)

Minutes of the meeting Paris, 11th to 13th of September 2003

Writer : Bertil Sylvander, Bernard Lassaut (Partner 1, Coordinator)
Responsible : Bertil Sylvander (Partner 1, Coordinator)
June 2003

Participants :

| | |
|------------------------------|---|
| INRA-UREQUA, Le Mans, France | Bertil Sylvander (BS), Bernard Lassaut (BL) |
| SRVA, Lausanne, Switzerland | Dominique Barjolle (DB), Erik Thévenod-Mottet (ETM) |
| University of Firenze, Italy | Giovani Belletti (GB), Andrea Marescotti (AM) |
| University of Parma, Italy | Filippo Arfini (FA) |
| DGS-SIA, Zaragoza, Spain | Luis Miguel Albisu (LMA) |
| University of Newcastle | Angela Tregear (AT) |
| INRA, Toulouse, France | Gilles Allaire (GA) |

Agenda :

1. Organisation of Parma meeting
2. Preparation of the Task 3
OLP's archetypes and impact of scenarii,
3. Work planning

Agenda for the WP7 meeting (11th – 13th September in Paris)

| | Input | Chair |
|---|--|--------------|
| Thursday 11 September 2003 | | |
| 14.30 Revising the agenda | | |
| 14.45 Organisation of Parma meeting (1) | WP5 All (see Table 3 in Bertil's paper) | BS |
| 16.30 Break | | |
| 17.00 Organisation of Parma meeting (1) | Bertil's paper (on the basis of partners' inputs) | BS |
| | All (see table 4 and 5 in Bertil's paper) | BS |
| 19.00 Dinner | | |
| Friday 12 September 2003 | | |
| 08.00 OLP archetypes , final decision, description of each archetype Examples from all countries | All partners (see Bertil's mail compiling those 5 th September) See Angela's input | DB |
| 13.00 Lunch | | |
| 14.00 Strengths and weaknesses for each system | | AM |
| 16.00 Scenarios Impact on the different OLPs Systems | WP reports and Bertil's sum up | GB |
| 17.30 Break | | |
| 18.00 Policy recommendations Need for new research | WP reports and Bertil's sum up | LMA |
| 19.30 Dinner | | |
| Saturday 13 th September 2003 | | |
| 8.30 Organisation of Parma meeting (2) | Filipo's and Bertil's proposals | GB |
| 10.00 Planning the reporting to EU | Bertil's proposal | BS |
| 12.00 End of the meeting | | |

1. Organisation of Parma meeting

Parma meeting is a tool to produce a final report on OLPs

We need to have the experts remarks and opinions about our work packages findings

The best is to give them the work package reports / the synthesis : main findings of each work package

It would be difficult for a non specialist to react only on the basis of the 5 pages synthesis, better to join WP5 and 6 reports than 1 to 4 :

In Parma we have to discuss the conclusions of task 2 and not task 1 that we discussed one year ago.

1.1 choice of the experts, lectures topics and questions to the experts

a) Someone from Industry (producing OLPs and standards)

Question : How do you see the future of the OLP sector, with regards to the markets trends

b) Triani (sociologue)

Same question

c) Elena Saraceno

What future for Rural development in Europe with focus on OLPs

d) Susana Perez

What future for OLP regulations and policy in the EU ?

e) Philippe Lowe

Local networks and rural development : what is the role of OLPs ?

f) Mauguin

The PDO-PGI policy in Europe : common integrated policy or subsidiarity ?

1.2 Seminar proceedings

(see Work planning, decision taken)

It will be asked to each expert to bring a three pages presentation to the Parma final meeting.

All the presentations and debates will be recorded.

Each team will contribute to the transcription from tapes to computer of the lectures (when there is no paper) and of the debates:

Session 1: F. Arfini, L.M. Albisu, A. Tregear

Session 2 : D. Barjolle, F. Casabianca, G. Belletti, A. Marescotti

Session 3 : B. Sylvander

The three lectures of invited experts and debate : E. Thévenod-Mottet, B. Lassaut

1.3 Tentative programme for the Dolphins' final Seminar, Parma, 5 and 6 october 2003

Monday 6th October 2003

| Time | Content | Input | Chair |
|-------|---|-----------------|------------------------------------|
| 9.00 | Opening address | ???? | B. Sylvander |
| 9.10 | Introduction of the seminar : objectives (B. Sylvander) | | |
| 9.30 | Session 1 The OLP supply chains and markets (WP 2, 4, and 5) (F. Arfini, L.M. Albisu, A. Tregear) | | D. Barjolle |
| 10.00 | Comments from "someone from food ind" | | |
| 10.30 | Comments from M. Triani (***) Debate | | |
| 11.00 | Break | | |
| 11.30 | Session 2 Public policies and institutions for OLPs (D. Barjolle, F. Casabianca, G. Belletti, A. Marescotti) | | Arfini |
| 12.00 | Comments from M. * Geuze (***) at OMPI Comments from M. Mauguin (General Director of INAO) | | |
| 12.30 | Debate | | |
| 13.00 | Lunch | | |
| 14.30 | Session 3 WP 7 : OLP archetypes and scenarios (B. Sylvander, Directeur de recherches INRA-UREQUA) | B. Sylvander | L.M. Albisu |
| 15.00 | Comments from F. Sotte (***) | | |
| 15.30 | Debate | | |
| 16.00 | Break | | |
| 16.30 | Workshop 1 : 4 groups (one by scenario) ➤ OLP archetypes and scenarios : what are the consequences on OLPs ? | Inputs : tables | Facilitators and reporters from SC |
| 19.15 | End & Dinner | | |

Tuesday 7 october 2003

| Time | Content | Input | Chair |
|-------|--|--------------|-------------------|
| 8.30 | Local networks and rural development : what is the role of OLPs ? (Philippe Lowe, ***) | | F. Arfini |
| 9.00 | What future for OLP regulations and policy in the EU ? (Susana Perez , ***) | | |
| 9.30 | What future for Rural development in Europe with focus on OLPs (Elena Saraceno, ***) | | |
| 10.00 | General debate | | |
| 10.30 | Break | | |
| 11.00 | Presentation of the recommendations to EU | Bertil | |
| 11.30 | Workshops 2 (4 brainstorming groups on the same topic) ➤ Recommendations ➤ Need for new research | | Members of SC *** |
| 13.00 | Lunch | | |
| 14.30 | Reports from the workshops | | F. Casabianca |
| 15.40 | General discussion | | |
| 16.30 | Conclusions on WP7 and on Dolphins | B. Sylvander | B. Sylvander |
| 16.45 | Concluding words | C. Giacomini | |
| 17.00 | End of the seminar and of Dolphins ! and Coffee / Champaign / Malvoisie | | |

!

2. Preparation of the task 3

2.1 OLP's archetypes

The typology has been modified as follows :

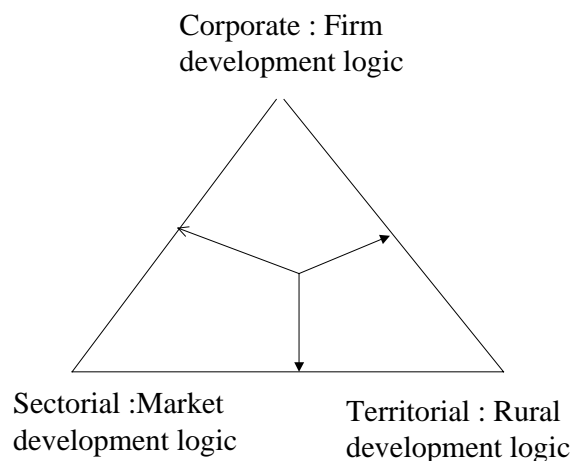
a. Variables/factors in discussion :

- Novel systems / Mature systems (See Angela's input June 03)
- Market organisation : existence of mechanisms of regulation (negotiation, procedures,) for product quality, quantities, prices
- Structured systems / Non structured systems : see GB AM mail in June
- Market dimension : size, access to exports
- Product status
- Governance
 - Not who decides but how are decisions processed and taken
 - Basic variables for governance : norms, producer organisation, vertical links (Allaire Sylvander, 1995)
 - Sectoral and territorial (Barjolles Chappuis, Sylvander, 1998 ; Marty Sylvander, 2000)
 - Sectoral governance : Product category , market logic, market power, the aim of dominant actors, norms are consistent with remote markets , no organisation of producers
 - Territorial : integrated in the local economy , lot of cross sectoral activities , social networks
- Market or local economy ?
- Actors Intentions
 - Different with the effects of the OLP on the territory ?
 - Real strategic choices ? or intentions ?*

b. Discussion

Two synthetic factors are considered :

The first one is linked to the systems *logic* (governance),



the second one is linked to the *dynamics* , i.e. the step of development of the project (initiative). Not only the age of the project, since many projects are constructed on old products that are renewed on the basis of a technological compromise between tradition and innovation. The stakes are in the first case to create and develop and in the second case to manage the system, improve it and protect it from the threats.

Those are archetypes : the pure archetypes don't exist in reality

All systems are a combination of the three types :

Variables lying behind the logics

| | | | |
|--|---|--|--|
| <p>Logic</p> <p>Dynamics</p> | <p>Territorial logic</p> <p>Several firms negotiating with each other most on a territorial basis in formal or informal contracts and institutions</p> <p>High degree of organisation at the spatial level : local institutions and high cross sectoral relationships</p> | <p>Sectoral logic</p> <p>Several firms in the same sector negotiating with each others in formal or informal contracts and institutions</p> <p>High degree of organisation in the supply chain</p> <p>Rooted in the land (by the code of practices), but weak links with the local institutions and local economy (cross sectoral)</p> | <p>Corporate logic</p> <p>ONE firm or several firms not negotiating</p> |
| Production and sales management regulation ? | Diversification Cross sectoral Goods bundle (Mollard & Pecqueur) | Specialisation and product differentiation | Marketing management on substitutes ? (PDO/Non PDO) |
| Organisation of the actors | Vertical co-operation - co-ordination | Local Co-operation - Co-ordination | No co-ordination |
| Codes of practices Technical mode of production | Focused on maintaining the rural life and diversity | Focused on the product specificity | Marketing characteristics |
| Patrimony | Territorial patrimony | Product patrimony | Portfolio Trademark value |
| Specialisation on OLP"? | No : The OLP production and marketing is linked with other local activities (even non food) | Yes Most of the firms are specialised in OLP | No specialisation PDO is a often a market opportunity |
| Anchorage degree | Firms cannot move away | Firms cannot leave the sector | Firms are flexible |
| Objectives, intentions of the systems | To develop the territory Maximize Added Value Survive | To develop the product and the value of the product | To develop the firm Maximize Profit Value of the firm |
| Intensity of production | In most cases, no | This may happen | This may happen |

c Final typology

NB : the numbering has been changed in order to reach a more logic presentation !!

| | | | |
|--|--|---|--|
| <p>Logic</p> <p>Dynamics</p> | <p>Territorial logic</p> <p>Several firms negotiating with each other most on a territorial basis in formal or informal contracts and institutions</p> | <p>Sectoral logic</p> <p>Several firms in the same sector negotiating with each others in formal or informal contracts and institutions</p> | <p>Corporate logic</p> <p>ONE firm or several firms not negotiating</p> |
| Emergent Developing systems Stake : to develop | I Piment d'espelette Beurre d'Echiré | III Pelardon | V UK examples NL : Campina Melkouni (Nord Hollandse Edammer) |
| Developped systems Stake : to manage and defend | II Nyons (+++) Comté (+) Etivaz (coop fermiers) Laguiole (++) | IV Parmigiano Roquefort Gruyère suisse Parma Ham | VI Beurre Charente Poitou Peza Olive Oil |

d The breakdown of the WP5's case studies into the archetypes

NB : OLP systems' Numbering is changed !

| Country | Name of the product | Product | Denomination | Area of production | level of development of the system (novel / established) | Governance (Territorial / Sectoral / Individualism) | Archetype system (1-6) |
|-------------|---|------------------|------------------|--|--|---|------------------------|
| France | Taureau de Carmague | Beef meat | PDO | France region: Camargue | Developing | Territorial | I |
| Italy | Tuscany Olive Oil | Olive Oil | IGP | The Region of Tuscany | Developing | Territorial | I |
| Italy | Ciliagia di Lari | Fruit | OLPs | Part of Pisa Province | Developing | Territorial | I |
| Spain | "C" de Calidad Alimentaria | 27 food products | Collective brand | The region of Aragón | Developing | Territorial | I |
| Switzerland | Etivaz cheese | Cheese | PDO | Switzerland-Pays d'en Haut | Developed | Territorial | II |
| UK | Specially Selected Scotch Beef | Beef meat | PGI | Scotland | Developing | Sectoral | III |
| Germany | Schrobenhausener asparagus | Vegetable | Collective brand | Germany-Bavaria | Developing | Sectoral | III |
| Italy | Cured Pork Piacenza (Coppa, Salame e Pancetta Piacentina) | Pork meat | PDO | The Province of Piacenza | Developing | Sectoral | III |
| Portugal | Terrincho cheese | Cheese | PDO | North-eastern Portugal-Tras os Montes | Developing | Sectoral | III |
| Portugal | Azeite Trás-os-Montes olive oil | Olive oil | PDO | North-eastern Portugal-Tras os Montes | Developing | Sectoral | III |
| Spain | Designation of Origin Cariñena | Wine | DO | The region of Aragón, Provice Zaragoza | Developed | Sectoral | IV |
| France | Roquefort cheese | Cheese | PDO | France region: Midi Pyrenees | Developed | Sectoral | IV |
| Italy | Culatello di Zibello | Pork meat | PDO | Part of Parma Province | Developing | Corporate | V |
| UK | Beacon Fell-Lancashire cheese | Cheese | PDO | The Fylde area of Lancashire | Developed | Corporate | VI |
| Germany | Bavarian Beer | Beer | PGI | Germany-Bavaria | Developed | Corporate | VI |

Observations :

If we are to find very synthetic variable to produce archetypes, several simple variables must be combined in the key variables, so let us try to have a multifactoral reasoning.

1. Question about "individualistic governance", since the concept of governance refer in my opinion to a network where nobody of the actors has the dominating power. We should then rather speak about "governance" versus *individual management* (where a "channel captain" or a single enterprise has the decision power) or better corporate governance ?
2. If we keep this key variable (governance), a solution would be to have a gradation :
 1. "territorial governance" 'where decision makers are supported by local institutions and share a common interest with local actors (see Andrea's tables) ;
 2. "Sectoral governance", where an interprofessional body (or any kind of "filière coordination") has the power but where actors are driven by pure market logic, while coordinating with each others.
 3. Corporate governance (including the "enemy" stressed by Angela (!)
3. Size of *markets* variable is not strong enough to distinguish the systems. "*market scale*" : the real problem is not the *size*, but the kind of relation between the system and the global market (niche and local market or connection with the global market, no matter of size). How to face the competition on the world level. There are small systems able to export their products and big systems producing no value and having difficulties to export. This is true.
4. *Novel status / versus established status* The main argument is linked to the reputation, which is mentioned as a crucial issue for small systems, together with "innovation freedom", which is supposed to be higher in novel systems. This argument is quite good, but not sufficient. Many systems are old but must be reconstructed, so the stakes are also on production methods, project, etc..
5. *Market performance* is a result and not an explicative variable.
6. Focus on the degree of organisation of the system : is the Supply Chain well structured ? Are actors well skilled ? etc.

Conclusion

The archetype needs to be based on two simple variables that encapsulate 'extreme' or 'ideal' types of OLPs (not necessarily existing empirically), that allow for meaningful hypotheses to be developed about other characteristics these OLPs may have as well as hypotheses about the likely evolution of these OLPs in the face of certain policy and market adjustments.

So what are the objectives of the public policy ?

In this view,

1. The first axis would reflect the **polarity between territorial governance** (rural development, local economy, small communities, survival in the globalization context) and the **pure market** (individual decision maker, market driven strategy, innovation freedom). In between we find the sectoral governance. The *organisation issue*, raised by Giovanni can be included in this variable, as *type of organisation* (strong territorial organisation and skills → strong sectoral organisation → weak organisation. Territorial OLPs have strong relation with local-regional institutions, have interest in local economy (see Andrea tables). Mixed governance OLPs may be rooted in the land by their codes of practices, but have necessarily no strong relationship with local institutions and concern.
2. The second axis would reflect the stage of development of the system

2.2. Strengths and weaknesses of the OLPs

Strengths and weaknesses for the OLP archetypes

Private good (Market) / Public good (civic objectives)

Strengths and weaknesses from the point of view of the systems

Strengths and weaknesses from the point of view of the public sustainability policy

| | Strengths | Weaknesses |
|--|---|--|
| OLP system I Developing / Territorial | Good image inside the region for connoisseurs Links with traditions, authenticity : high High potential communication on the links with terroir / tradition Potential for Support in local community | Difficult to cope with supermarkets Weak image outside the region No much financial means Lack of professional skills |
| OLP system II Developed / Territorial | Proximity with consumers Good relationships with local policy makers, financial supports, Synergetic relations with local economy : cost savings | Difficult to innovate |
| OLP system III Developing / Sectoral | Good image Well defined OLP, often sufficient volumes | Lack of solidarity towards supermarkets behaviour Limited volumes : difficult to export outside the region and the country Gap between image and reality |
| OLP system IV Developed / sectoral | Volumes Sometimes well renown brand Accessibility to mass markets Collective discipline Financial means (to do research, promotion, ..) | Difficult Innovation policy Difficult product differentiation (lack of leeway in the system) Processors may have too much power on the upstream |
| OLP system V Developing / corporate | Good sense of innovation, management, flexibility | No social networks Weak commitment of the producers Sometimes danger due to low juridical recognition : |
| OLP system VI Developed / Corporate | Volumes Accessibility to mass markets | Hard competition No collective discipline ? |

2.3 NEEDS

1. Needs of the whole OLP system

Adapt the european hygiene regulations to small sized firms

2. Needs according to the governance logic

| | |
|--|--|
| Needs of the territorial governance | |
| Needs of the sectoral governance | |
| Needs of the coporate governance systems | |

3. Needs according to the development stage

| | |
|---------------------------------|---|
| Needs of the developing systems | Initial research development programme Research & innovation : combining tradition and modernity, establish the link with terroir |
| Needs of the developed systems | Research on quality improvement : "deluxe research" Research on "Crus" , quality improvement Combining technological quality and marketing quality Cost saving |

4. Needs according to the systems (the numbering is changed !)

| | Needs | Variable yes/no |
|--|--|-----------------|
| OLP system I Developing / Territorial | Rural Development policy in a broad sense (measure 9) Leader initiatives to be developed Support local organisations Support to artisanal / handicraft activities Status of farmers as rural enterprises (fiscal treatment, Simplify the access to complementary activities (pluriactivity) no matter if you are farmer or not Access to subsidies easier Develop local infrastructures Support promotion inside the region Control the growth (with respects to production modes and market balance) <i>Difficult to cope with supermarkets</i> <i>Weak image outside the region</i> <i>No much financial means</i> <i>Lack of professional skills</i> | |
| OLP system II Territorial / developed | Improving marketing skills Is short of supply a problem ? Risk of intensification with environmental externalities Risk for external investment : "disneylandisation" of the countryside, increase the property prices (land prices, house prices, Preserving the local identity Avoid internal imitations of the non protected products <i>Difficult to innovate</i> | |

| | | |
|--|--|--|
| <p>LP system III Developing / Sectoral</p> | <p>Support promotion outside the region Develop strong quality assurance systems including the supermarkets (EDI technology, ..) Support project development consultancy for a recognition as Quality sign Develop good relationships in the Supply Chains Support the elaboration of CoP Technical research for improvement of CoP Support structural investments (slaughtering)</p> <p><i>Lack of solidarity towards supermarkets behaviour</i> <i>Limited volumes : difficult to export outside the region and the country</i> <i>Gap between image and reality</i></p> | |
| <p>OLP system IV Developed / sectoral</p> | <p>International protection of the name Strengthen Interprofessional governance on quality and quantity, Improve market power towards supermarkets Limit the antitrust actions Improve the market orientation Risk of intensification with environmental externalities</p> <p>Difficult Innovation policy Difficult product differentiation (lack of leeway in the system) Processors may have too much power on the upstream</p> | |
| <p>OLP system V Developing / corporate</p> | <p>Develop product branding Support promotion outside the region Develop strong quality assurance systems including the supermarkets (EDI technology, ..) Support project development consultancy for a recognition as Quality assurance and quality signs Support the elaboration of CoP Technical research for improvement of CoP Support structural investments (slaughtering)</p> <p><i>No social networks</i> <i>Sometimes : weak commitment of the producers</i> <i>Sometimes danger due to low juridical recognition</i></p> | |
| <p>OLP system VI Developed / Corporate</p> | <p>In general not PDO-PGI :</p> <p>Freedom to innovate and to imitate and manipulate identities Simplification of the system Lighten the CoP Easy access Risk of intensification with environmental externalities</p> <p><i>Commitment of the producers</i> <i>Hard competition</i> <i>No collective discipline ?</i></p> | |

Impact of scenarii

(If we say a scenario is threatening a system, it means this system may not continue)

Numbering for OLP systems is changed !!

| | Scenario 1 CAP reform won | Scenario 2 <i>Liberalisation without rules won</i> | Scenario 3 <i>Cork conference approach won</i> | Scenario 4 Regionalism won |
|-----------------------|---|---|---|--|
| Main features | Decoupling Quotas removed | No rules on protection besides private trademarks Anti trust laws win | More money for Rural Development (LEADER initiatives) Regionalisation in the definition of the implementation of the CAP (definition of priorities) | Regulation : yes Subsidiarity at the regional level |
| OLP system I | Not favourable because of low means Status not changed Some diversification not significant No specific measures for infrastructure | Free competition Charismatic Leaders , on niche markets Organised clubs | Benefit from LEADER initiatives because they support local support and investments LEADER support also non professional and non agricultural Promotion local skills Very flexible at the local level for the implementation Local | The richest regions win The risk is for other regions to abandon support. Political change in the region leads to decrease → Uncertainty , no continuity |
| OLP system II | Some pillar II funds available for training , but not very significant Selling the rights could have bad consequences on territorial organisation. Incentive for OLP producers ? light growth because constraints are strong (because the mass products are not attractive any longer) | Depends of the richness of the region on the basis of the regional market Civic interest of the entrepreneurs (not sustainable) | | Not threatened , no encouraged |
| OLP system III | Decoupling encourages new SC structure, this might lead to better organisation of the SC, but the producers do all the work, depends of the actors Some funds under pillar II , not much International protection not | Quality assurance systems Developing good relationships between the SC / subcontracting Key individuals Incorporation | | Support is not given : negotiated with the initiator, region can put conditions Not supported by the regions, who tries to pull it to territorial logic |

| | | | | |
|----------------------|---|--|--|---|
| | relevant | | | |
| OLP system IV | Helped by Strong international protection, but decoupling threatens this it create a disequilibrium Concentration of producers in more efficient area, threatens relationships in the SC Bad for the environment More sectoral | Only big OLP with trademarks may survive Risk of intensification in less developed countries | | Same as system II |
| OLP system V | Implications are similar to system II regarding SC coordination ?? contracts between firms and producers to ensure the supply | Favourable scenario Sub-contractors for Supermarkets brands PDO-Imitations through the firms | | Legitimacy conflicts Regions don't help an individual firm Those systems are not favoured When several firms apply, it can be negotiated |
| OLP System VI | OLP have to find new suppliers , on contract basis Situation a bit better than III | Very favourable ++ The most suited to Sc. 2 | | The developed and corporate can be sponsored by The firm well established in the region can be an help for the region |

3. Work planning

Decisions taken

| Task | Who is responsible | Deadline |
|---|--|-----------------|
| Meeting minutes and decisions | Bernard and Bertil | 16 septembre |
| Final reply from the experts and their exact titles (to be put in the programme) | Erik, Filippo, Giovanni, Andrea, Angela | |
| To produce official letters to experts and to invited lecturers to be sent to inviting people | Bertil | 15 september |
| To send it | Bertil, Erik, Filippo, Giovanni, Andrea, Angela | 17 september |
| Implications of the scenarios on OLP systems | Angela-Filipo (1) Bertil-Luis Miguel (2) Giovanni-Andrea (3) Dominique-François (4) | 17 septembre |
| Draft OLP systems/scenarios/implications Recommendations | Bertil | 25 september |
| Table Breakdown of the dolphiners in Workshops | Filipo | 15 september |
| Structure for case study narrative paper sent to partners with deadline 6 october | Filipo-Angela | 17 september |
| OLP report in countries | partners | 6 october |
| Summary of the final tasks and deadlines | Bertil | 30 september |
| Presentations sessions 1, 2, 3 on power point | Filipo, Dominique, Bertil | 6 october |
| Papers sessions 1 (presentation, experts, debates) | Filipo, Angela, Luis Miguel | 30 october |
| Papers sessions 2 (presentation, experts, debates) | Dominique, Giovanni, Andrea, François | 30 october |
| Papers sessions 3 (presentation, experts, debates) | Bertil | 30 october |
| To produce the progress reports | All partners | 15 november |
| To produce the parts of the technological implementation plan | All partners | 30 november |
| To produce the D7 | Bertil | 30 november |
| To produce the D8 | Bertil | 30 november |
| To produce the final consolidated report | Bertil | 30 January |