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Successes and failures of EU food quality schemes: experience from the case of ‘Scent of Prekmurje’, Slovenia

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Introduction

Associated with EEC Regulation (EC) No 628/2008 (CEC 2008) and many other recent documents and actions (e.g. Green Paper 2008, Conference on the Future of the Quality Policy of Agricultural Products and Foodstuffs 2009) the EU stimulates multiculturalism and gastronomic tradition of its member states and protects their traditional regional food and products through specific food quality schemes (FQSs) such as Protected Designations of Origin (PDOs) and Protected Geographical Indications (PGIs). With the designation of quality indicating special character of these products a possibility of distinction among such food products and their imitation is assured for the consumers. It is supposed that large segment of consumers is willing to pay a significant price premium for such high quality designated products. Additionally, it is assumed that these schemes can provide an important source of revenues and security to European farmers in facing up to competition from low-cost producers in third countries on both EU markets and abroad (CEC 2009). Furthermore, it is supposed that in the rural economy there is considerable scope of resources to create and market new products through FQSs and in this manner retain more value in rural areas CEC (2006). Hence, within the Rural Development Programme 2007-2013 (RDP) specific EU food quality schemes have also rather important position. A set of measures pertaining to food quality schemes (encouraging participation of farmers in food quality schemes, supporting producer groups for information and promotion activities) is a component part of this programme in disposal for selection of the member states (CEC 2005).

To what extent do such qualification schemes enhance or constrict the rural development? A number of authors (Moran 1993; Parrott et al. 2002; van der Ploeg 2002, Barham 2003) have considered food quality schemes at a macro, political economy level. They indicated that performance in the market is likely to be the main determinant of success or failure of such schemes. Market performance evolves according to how well such products meet consumer demand, how much consumers are willing to pay for certified goods, and how expensive scheme participation is for farmers and producers. To date there has been also some examination of the impacts of FQSs on rural envelopment at the micro level, mainly including old member states (Tregear et al. 2007, Ljunggren et al. 2010) They indicated that rural development benefits significantly through collective action of various local and non-local actors embraced in the FQS social movement. However, no such examination was carried out yet in any of the new member states that

could demonstrate how such schemes are operating in various social contexts in many respects different from those in the old EU member states.

As one of the new member states Slovenia has already got some experiences within these schemes with rather specific responses. Until now the main outcomes of this movement - in Slovenia, it has already been operating for 15 years - are characterised by very huge enthusiasm among agricultural officials and some producers, but unexpectedly very low market presence of such products and their limited quantities available (Erkart et al. 2009). The aim of this paper is to highlight some grounds of these particular responses through the findings of the case study of 'Scent of Prekmurje', one of the most successful stories of FQS in Slovenia.

Theoretical background

QFSs are the indication of new agricultural activities, closely related to multifunctional agriculture and rural development paradigm (Marsden 2003) characterized by 'new' societal demands, markets and institutional arrangements. Several traits characterise these activities. By mobilizing new revenues and finding new form of organization, cooperation and cost reduction, these activities represent new answers to the price-squeeze. They are considered as a kind of 'deepening' of agricultural activities against to the food crisis (Van Der Ploeg 2006). They are also an expression of new relations between agriculture and society, a response to new societal demands and needs e.g. of urban population: healthy, safe and higher quality in food, protection of environment, preservation of biodiversity and rural amenities (Knickel et al 2004). These activities stand for reconfiguration of farm resources and their relation with rural areas, de-localisation of consumption (from local to "distant consumer") and institutional forms (certification system) (Fonte 2006). Centrality of synergies to the activities and their combination at farm and regional level is another important feature of FQS: mutual benefits and win-win' situations between different activities and actors engaged in specialised food networks appear both strategic and desirable (Tregear et al. 2007, Marsden and Smith, 2005). The creation of cohesion between activities of farmers and other rural and non-rural stakeholders (e.g. slow food movement members, national associations of consumers co-operatives,...) is a strategic element in strengthening the position and prospects of FQS products. Crucial part of sustainable development is wealth creation (value capture). In particular within the wider context of sustainable development prospects of FQS highly depend on entrepreneurial initiatives that focus on investing in the local environment, creating/strengthening local institutions, and employing people and their resources (Marsden and Smith, 2005).

However, successful functioning of FQS is diminished with some hindrances. One of the biggest problems is the marketing (Fonte 2006). While global food with its universal standardization makes consumers choice easier, sale of local food like FQS is more demanding: consumers of local food must be either local to knowing about food or reflexive i.e. having knowledge about different local territories, culinary cultures, traditions and tastes. Dominance of big retailing industry on the food market is another problem of FQS (Marsden and Smith, 2005). Domination of competitive forms of

conventional regulation associated with competition policy, food safety and hygiene, environment and planning, and the private forms of regulation are increasingly implemented by corporate retailers that push off small sellers and destroy short supply channels.

In this paper the attention is given to majority of aforementioned traits of FQS. The exploration of RDP contribution to the functioning of FQS constitutes a considerable part of its contents too.

Methodology and data

The study is based on the case study of one of the best practices in this respect in Slovenia the brand – Scent of Prekmurje – carried out in autumn 2009 in the eastern part of Slovenia. The main sources of the research are composed of semi-structured interviews with the following eight collocutors:

- the representative of Ministry of Agriculture, Food and Forestry (MAFF)
- APPDP(1), office manager of Association for Promotion and Protection of Delicacy from Prekmurje, Murska Sobota, Prekmurje region
- APPDP(2), the president of Association for Promotion and Protection of Delicacy from Prekmurje, entrepreneur and owner of a butchery, producer of Prekmurje Ham, Markišavci, Prekmurje region
- APPDP(3), active member of Association for Promotion and Protection of Delicacy from Prekmurje, employed as agriculture extension service officer in Agricultural Institute Murska Sobota, Prekmurje region
- a farmer: pig breeder from Brezovci, Prekmurje region
- a holder of farm tourism and producer of Prekmurje Ham, Tešanovci near Moravske Toplice (thermal springs), Prekmurje region
- the representative of Development Agency Ragor for Upper-Gorenjska region (DAR) a public institution established by the municipalities of Upper-Gorenjska region and one of 42 members of Local Action Group ‘Gorenjska Basket’.
- the representative of Agricultural Institute Kranj (AIK) established by Agricultural Chamber of Slovenia. It is also one of 42 members of Local Action Group ‘Gorenjska Basket’.

Additionally, the case study is supplemented with data from the survey ‘Perception of conditions in agriculture, food supply and climate changes’ carried out in autumn 2009 on the sample of 250 respondents of both gender aged 18 and over coming from all parts of Slovenia, and secondary sources (statistical data and previous surveys pertaining to this topic in Slovenia).

Case study findings

Assessment of FQS operation

In Slovenia (FQS) system was introduced after the independence. After Slovenia entering into the EU in 2004 this system took over all the rules and standards of the union (e.g. protected food products are three times controlled: firstly by producers themselves, secondly by associations of producers and finally by certification agency). So to speak this system has already been operated in Slovenia for about 20 years. However, to Ministry of Agriculture, Food and Forestry (MAFF) representative's view this period is a relatively short for the optimal operation of this system in terms of amount of such products in the market, their commercial-economic effects and consumers' familiarity. All this aspects are still relatively weakly developed, but to MAFF representative's opinion the countries with much longer tradition in this area (e.g. France, Italy, Austria,...) also passed through similar development stages.

“If we would compare our results achieved in this short period with those in other countries attained in the same point in time, we can be quit satisfied. But, if we compare our results with the systems that now operate well then our system is not doing that well. The reasons are objective in nature. Our problem is smallness, e.g. if we merge all dairies in the country we get only a middle one that can be compared to those in Austria, we can not have multinational companies well known all over the world like the France has.” MAFF representative

More critical view about the functioning FQS in Slovenia was expressed by the APPDP(1). He is convinced that at the beginning of its operation the system was too broadly conceived. The policy makers were willing to protect as many products in the country as possible, but without having a clear knowledge and experiences about characteristics of the protected products which are required for viable and successful operation in the market.

“The initial approach was too enthusiastic and ‘romantic’; it was motivated by the idea to protect traditional and cultural assets, but without serious consideration of economic effects of each of the product.” APPDP(1)

Similarly critical view was expressed also by APPDP(2) in the sense that the initial project of special food products protection was carried out just for the sake of the application call and the profit of development agencies. As a result many products without real producers were protected and later on not certificated. To his view in this project the producers with their ideas were not enough involved, but where this was the case their expectations were mainly too high. Consequently, many products showed no potentials for commercial success.

APPDP, the main actor in this good practice in our case study, approach with a special strategy to this project. Already in the time of the former Yugoslavia they started with the process of ‘Prekmurska ham’ (PH) protection. The motivation for this activity came from

a small group of producers and processors who became aware that the region had a long tradition of pig farming and particular a cultural practice of ham processing and storage which was misused by the food industry. Together with the group of professionals in agriculture, ethnology and history they found out that PH was an authentic food product of the region which could be promoted and successfully commercialised. With this knowledge they gathered around themselves a group of producers who were prepared to accommodate their production to the certified PH.

“I want to point out that we did not start this project because of an application call, but due to our own feeling that we need to do that. In Slovenia, there is very few of such initiatives that include products in FQS in the manner as we did. Additionally, we were also aware that PH is not an endeavour limited just to one product, but that it is just a base for the story of the region which can be commercially interesting.” APPDP(2)

A few years later the procedure of another protected and certified product ‘Prekmurska gibanica’ (PG) started. This food product (a special layer pie) is one of the most well known dishes from Prekmurje all over Slovenia. PG is today together with PH the basis of “Scent of Prekmurje” trademark identity and promotion. This local trademark does not include only PH and PG, but also a number of other not certified food products (wine, oil, fruit and vegetable products, pastries ...) that need to fulfil certain criteria. This local trademark is based on philosophy that quality food products included in this brand are supported by certified ones and vice versa and in this way promote the whole region. The actors of this idea believe that the effect of this story can be much greater than considering just one single product.

APPDP(1) admitted however that the beginning of the story “Scent of Prekmurje” could not be carried into effect without the incentives of MAFF. Its establishment was made possible through institutional financial support; inclusion into the system of certification and promotional activities (publication of advertising material and organisation of meetings). But as APPDP(1) pointed out the most important factor in this story was a critical mass of those involved in the network and their economic interest.

To the opinion of our collocutors the main problem in operation of this scheme is the protection consideration. There are a lot of imitations of PG; many things are offered under this name. Such behaviour is difficult to prevent due to insufficient control and too mild sanctions against the violators. Check ups are made by inspection services, but due to high frequency of forgeries and insufficient amount of inspectors this system of control is not able to command this issue. Our collocutors see the problem in this matter also in improper control approach; majority of check ups are aimed to certified producers instead to those who are not. Consumers also contribute to these violations by buying these products and not being enough informed about their authentic characteristics. This is particularly the case when the consumers are tourists who come just once and are never back again. The practice of check ups of regulation disobedience is just at its beginning, its level of operation is still not sufficient. As APPDP(1) reported it had happened that even the state supported offenders promotion (e.g. on the foreign market) at the expense

of smaller producers. Only after two years of APPDP's complains the state acted against such offenders properly.

The next problem pertaining to the operation of this scheme identified by our collocutors and connected with the aforementioned one is related to certification and internal control costs. The system seems to be too expensive particularly the internal control which is totally at the expense of each association (e.g. 2000 to 3000 Euro) even though for the time being the certification costs are covered by resources obtained through the calls of the RDP and paid to external controllers. Considering that PG is a protected product that can be produced throughout of Slovenia the APPDP as an internal controller needs to visit and check up each producer what increases internal control costs considerably. Now only a part of this control costs is covered by membership contributions. The long-term aim is to cover the expenses of certification and internal control by producers themselves and in this way secure the sustainability of this quality food products' production. The decrease of costs is/will be lower with the increase of producers. But in some cases high costs of certification and internal control were the basis for the abandonment of production by some producers.

Another problem identified is also rather demanding and very slowly running administrative procedures. There is a learning process required for governmental bodies as well as for producers and all others more directly involved in this issue. To the opinion of APPDP the bureaucrats were/are concerned only with legislative matters and not enough with the commercial point of view of the subject. The representatives of this association are convinced that from the point of view of economics the regulation is too demanding. It defines common frame of actions and procedures which is needed, but it is (was) not very understandable which caused confusions among producers; additional translations by the ministry officials is (was) needed, particularly in the initial phases. To the opinion of MAFF representative at the beginning of FQS in Slovenia the producers themselves were unrealistic, too ambitious in defining the criteria (e.g. specifications of ingredients and processing of their products). Gradually, owing to the rising experiences among bureaucrats and producers themselves it was recognized that in order to assure feasibilities and economic effectiveness of these products only truly essential characteristics ought to be included in protected product specification.

Considering legislative and administrative procedures the changes in FQS operation are possible but as MAFF representative told they are not frequent. If they happen they need to be confirmed by other EU member states in the time period of six months. Changes in FQS on the national level are the issue of public debate in Slovenia (each Slovenian citizen is in a position to give her/his suggestions and comments), but the interest of the public to participate in such an activity seems rather weak. The interview with the MAFF representative showed that MAFF bureaucrats, even those who officially work on the FQS subject are not well informed about these procedures and their results. They do not know how well the consumers are informed about such possibilities and how they react. The MAFF just informs about the changes the Consumers Association and publish this news also in their brochures. But the feedback of these activities is not considered enough by MAFF bureaucrats.

The interviews with producers (the farmer and farm tourism holder) showed that some producers are satisfied with their involvement in the FQS while the others expressed ambivalent attitude to it. This is significantly related to their economic interests. The farmer is satisfied with being involved in FQS since he has secured sale of his pigs for processing of PH: the prices are the same as in the market in general, but the paying is secure and regular. On the contrary farm tourism holder is rather weakly identified with FQS and the APPDP. She was invited by APPDP to become its member and to promote her food products in its framework, but she entered into this association as rather inactive member; she is not actively involved in the story “Scent of Prekmurje”. Her interest is to get a certificate for PH through this association but labelled by her own trademark. The main reason for her passiveness and exclusivism is that for several years she has already been running successfully her own rural tourism business which is situated near the thermal springs and for the time being she is not interested to start with any new investments except to certificate its own production of PH.

The impact of FQS on production, income increase and cooperation among the producers

As the farmer told, so far inclusion into FQS had no significant impact on the amount or the way of his production neither on income increase. In his case the production of pigs for PH has already been settled down for more than ten years now and three years ago the shift into FQS was not a challenge for him at all. In spite of higher prices of PH in the market in comparison with other uncertified pork products the producers’ income is not much higher: the buying prices of the meat are all over the same, as defined on the global market. The prices of PH are higher only due to processing, but this profit goes to the processor. Nevertheless, the existent situation seems reasonable for the current producers. Additionally, to the farmer opinion the introduction of FQS did not to give any substantial rise to a larger pig production in the region because production of PH is not large - not an industrial way of production. It is expected that in the future the number of producers will increase a bit (now there are 10 producers for one PH processor in the network), but to his opinion any larger breakthrough is not expected because pig meat is not so trendy and many farmers can sell all their production without certification.

In this regards other collocutors were more optimistic. APPDP(3) is convinced that the positive effects of FQS on income come only on the long run which is not recognised in initial phases of the process. The same view is shared by APPDP(2) too. He also added that the positive income effect depends on the strategy each producer make use. To his view, some, the most successful farmers were able to increase their prices to 20 percent.

“Those who join the FQS with a kind of inertia, who take this project as something additional to their other activities (e.g. supplementary activity to tourist business), do not show any significant move forwards, but for those who are more entrepreneurially oriented, who invest and become more and more professionalized see advantages in this scheme.” APPDP(2)

The MAFF representative sees the contribution of FQS to greater production and income increase from a bit more general perspective. She thinks that products of FQS processed in Slovenia are not significant for foreign markets. For the time being their amount is too small and unknown to be offered to larger retailers in the foreign markets. But for domestic, local ones these products seem relevant, particularly in relation to tourism, catering industry and promotion of the regions. To her view these products represent the culinary culture of the region attractive for tourists and gourmet which have not yet been enough put to profitable use.

The MAFF representative is also convinced that FQS stimulates cooperation among producers that this is a must for the implementation of certification and providing of records. She pointed out the example of good practice of producers of Slovenian Istria olive oil who were at the beginning reluctant to cooperate with each other since they had no problems with selling their products individually. But gradually more and more initiatives came up for cooperation which resulted in Slovenian Istria olive oil being placed into EU quality labelling schemes. However, she admitted that individualistic behaviour is still predominant pattern among the great majority of Slovenian producers and farmers and that a lot of efforts will be needed to change it. To her opinion a FQS is an opportunity that could contribute to that change.

The interviews with APPDP members revealed how FQS stimulate cooperation among producers in practice. APPDP(1) told that certain membership spirit is developing owing to FQS particularly among those the most ambitious members; they are always prepared for joint action and cooperation. But individualistic and passive behaviour is still the main characteristic of great majority of APPDP members. Mostly they respond to initiatives of APPDP leadership who organise, invite and suggest the events. But members are not willing to show any own initiatives. APPDP(1) had expected that this movement of cooperation would not be such a challenge. But the culture of individualism is strong and difficult to change; to APPDP(1) opinion this issue is now even worse than it was in the past:

“I think that this individualism has intensified now even more. It existed also before, but lately it is far more present. I do not know exactly why, but it seems that this economic logic, this liberal one, the striving for profit is generating it. This is an issue of hierarchy of values, everybody is always the most engaged into the issue he/she values the most while the others are put aside We as association really tried to build this trademark as a collective one and to promote the awareness of common commitment to it. Well, everybody would like to have only rights but no obligations. This is a problem”
APPDP(1)

The grounds for weak willingness of producers for team work is to the view of APPDP(1) also connected with experiences farmers had with agricultural cooperatives during the socialist period:

“Experiences with cooperatives were the following: people were always willing to get the benefits from community, but when was their turn to give something back than the

problem emerged. Nowadays people remember how cooperatives functioned: 'it was very convenient; we got repromaterial and raw material for free as exchange for our produce'. But they do not remember that they did not sell their surplus to cooperative as an exchange for what they got, but sell them to some other buyers for higher prices. They forget that cooperative also had expenses with this part of their produce. This logic is still present. If every thing is for free than they are willing to take a part...' APPDP(1)

However, nowadays the presence of cooperatives decreased and their role changed significantly. From the interviews with producers it was found out that they in fact miss previous actions (trading and organisational support) cooperatives offered to farmers. So, the farmer complained that previously strong cooperative in his surroundings which was an organisation of farmers now crumbled in to several small ones. Now they compete with each other and do not have a proper working approach and vision. Additionally, trading part of previous cooperatives' activities was taken over by private enterprises interested for their own profit.

"Cooperatives collapsed due to their poor functioning. There was a lot of informality in their operation. Farmers were not satisfied with that and for that reason this system collapsed. But now everything is in private hands... Some other forms of farmers' organisations are not possible now since these private enterprises are too dominant, there is no place left available for cooperatives. So, now as individuals we need to use services of these private enterprises." The farmer

The interviews showed that in spite of some forms of cooperation among producers, but they mainly rest on informal basis. Some ideas of common working actions already emerged (joint shop and van, organisation of common offer to tourists,...), but very few of them were carried out due to poor coordination and organisation skills of involved.

Market potential, promotion and response of consumers on FQS products offer

In initial phases the aspect of market potential of FQS products was not considered among policy makers and producers enough seriously. Market researches and promotion activities were carried out only later on. It was expected that consumers are familiar with this kind of products and willing to pay for them. However, rather soon the awareness developed that consumers' knowledge about FQS products is rather poor. With additional recognition that the market potential of individual certified products varies and is in some cases too small to bring any major success APPDP initiated the story 'Scant of Prekmurje' with inclusion of a range of food products from the region and started to promote this trademark. The most frequent ways of promotion were/are presentational events at market halls in greater urban centres throughout of Slovenia, invitations of tourists and guests in promotional shops and restaurants placed in Prekmurje region, distribution of 'jumbo' placates and leaflets, advertisements on radio, TV and in the Internet. Through these activities the familiarity and market potential of 'Scant of Prekmurje' products is increasing. E.g. ten years ago even the people from Prekmurje did

not know for PH. Now this knowledge is improving owing to investments of time, energy and financial resources of active members of APPDP into promotion of their story.

“We are doing well, market effect and familiarity with certified products is huge while the economic one is modest, but is increasing too. We have good prospects, market share of PH is 3%, the share of all certified products together is 5%, but familiarity with these products among consumers is 50%. This is very positive although it is a long run process.” APPDP(2)

However, on the level of the entire Slovenia the consumers' demand and familiarity with QFP is still low. An exploratory survey 'Perception of conditions in agriculture, food supply and climate changes' carried out¹ in autumn 2009 on the sample of 250 respondents of both gender aged 18 and over coming from all parts of Slovenia revealed that the familiarity of consumers with the products of FQS is weak. Only 28% of women and 15% of men know correctly which food products in Slovenia are included into FQS. Great majority of respondents (60% of men and 49% of women) think they are familiar with Slovenian FQS products. But the products they indicated as FQS products do not match with those in the scheme. Majority of products they listed as FQS belonged to common products produced and processed on farms. Rather high share of the respondents are also convinced that they are buying FQS products. But in the list of food products they are buying mainly those prevail not belonging to FQS. From these responses it is found out that they are not familiar and do not care much about the marks and labels pertaining to FQS. Among them older (aged 60 and over) and less wealthy respondents particularly prevail.

Thus, the term quality food is understood by many consumers rather differently from the meaning defined by FQS. Majority of them equalize FQS products with those produced and processed on farms. Home made, on farm processed food products seemed to them of the same quality than products with certification, a sufficiently trustful 'standard'. The reasons for these 'misunderstandings' seem to be related to the lack of consumers' knowledge about specific characteristics of FQS and besides this also to their rather traditional nutrition habits and economic limitations; costs of food still present relatively high share of average household budget² in Slovenia. The interviews with collocutors from Gorenjska region (RAGOR, KZK) confirm these suppositions of consumers – producers' interdependency in case of FQS. The interviews with these collocutors showed that farmers are able to sell all their products uncertified for a good price. There are a lot of trademarks; home marks with rather long tradition highly valued and trusted by consumers:

“These farmers already have their own target group of consumers who trust to the quality of farm products and are willing to pay a bit more for them. Farmers sell all their products on their home yards for which they got registration permit, but examples of informal, even black market sell also occur. And this sell presents only one source of

¹ The survey was carried out by the group of students of the 4th year of zootechnic supervised by the author.

² According to statistical data in 2007 in Slovenia the share of average household income spent for food and soft drinks was 15,2% (Statistical Office 2010).

their income, farmers and their household's members are often off-farm employed too. Therefore, they do not see any real need to enter into the system of certification which would bring them only extra work and costs... They have no economic interest like this is the case in Prekmurje where farmers have Kodila with his entrepreneurial motivation. The lack of economic motivation is the main reason why here in Gorenjska the interest of farmers to join the FQS is so low” KZK representative

An important reason for rather weak offer of FQS products by small producers in Slovenian market indicated in the interviews with our collocutors is also unwillingness of larger retailers to include these products in their sell offer. Great majority of FQS products are not products of massive production, but of boutique sale which is a new form of food sell not yet developed and widespread in Slovenia. Groceries are in great extent bought in large shopping centres which organization and access is very convenient for consumers. In addition the price and competitive approach of larger shopping centres also plays an important role:

“For example in Spar they bake a huge piece of certified PG only for 1.60 Euro. For such a price I am not willing to bake it. I hardly cover my costs with such a price. This price is too low. In this way we small producers who have higher prices are forced out.”
Farm tourism holder

The story ‘Scant of Prekmurje’ is most probably successful due to employment of various market paths in selling their products:

“For the time being the best possible way of FQS products sale are selective paths: catering industry, tourist farms, wine shops, confectioner's shops etc. This is also an important factor of FQS products’ offer.” APPDP(1)

The impact of FQS on agriculture

One of the aspects of FQS discussed with the collocutors was also the contribution of this scheme to the progress in agriculture. To the opinion of APPDP(1) this scheme has an limited effects; particularly it is not a source of solving nowadays critical situation of agriculture in Slovenia. However, to the opinion of this collocutor the important impact of FQS rests in both a dissemination of higher standards required in this scheme to other agricultural products and introducing the culture of entrepreneurial spirit in agricultural activity:

“This means that agricultural holders start thinking differently, not just as producers of raw material for which having a secured sale and as the beneficiaries of agricultural payments, but also as creators of their own identity. In this way with this scheme some agricultural holders come in that will run their farms differently, who as an innovative entrepreneurs will want to extend and add something more to their activity. What we have now is obsolete. If there is just one major activity, e.g. pig breeding, arable farming

or what ever it is very good that besides this there is also something evolving which in the future, in different times could create something new.” APPDP(1)

Thus, to the opinion of the APPDP(1) FQS system can lead to innovative thinking and behaviour of agricultural producers whereas the APPDP(2) sees the contribution of FQS even broader not just for agriculture. He agrees that FQS can contribute to the creation of linkages between farmers and processors of agricultural products on the higher level: e.g. the rise of quality of pig breeding in the frame of “Scant of Prekmurje” trademark. But to his opinion protected products do not pertain only to agriculture, but even more to food processing industry and tourism since:

“agricultural products as final products are not protected, but their processing. In fact, protected products from the FQS are not agricultural products. For this reason and since they are very important for tourism, their management should not be limited only to MAFF, but should include other governmental sectors like Ministry for Economy and some others too.” APPDP(2)

Pertaining to the statement that protection of FQS products means just a promotion of individual market niches rather than a strategy for entire improvement of quality in agriculture our collocutors did not share the common view. So, to APPDP(3) view the FQS products are more a matter of market niche than a matter of larger farm production due to their more demanding processing and sale for specific groups of boutique consumers. On the contrary, APPDP(1) thinks that FQS could have broader economic and social effects for agriculture: it promotes locally produced agricultural products of high quality which in the time of food crisis and climate changes gets more and more in its importance. For APPDP(2) the FQS is the cases of good practice though its extent of production is small:

“Protected products are important, so this statement does not hold true. In fact this is small business, it is a niche, but it has a very large potential for agriculture and rural development, though it is not a sufficient one”. APPDP(2)

Contribution of RDP to the functioning of FQS

As MAFF representative admitted the share of financial resources of RDP allocated for FQS are rather small. Additionally, RDP measures for this scheme are of five years duration but in each year their amount of resources decreases. Nevertheless, she thinks that all three RDP measures pertaining to FQS products are important particularly in initial stages of development and promotion. RDP measure no. 132, ‘Participation of farmers in food quality schemes’, allocated for reimbursement of costs for certification contributes to greater accessibility of protected products to consumers – it reduces the costs of these more expensive products. RDP measure no. 133 ‘Supporting producers groups for information and promotion activities for products under FQS’ reduces the costs of promotional actives while measure no. 142 ‘Supporting setting up of producers groups’ is foreseen to cover the cost of producers groups office operation.

From interviews with APPDP representatives it was revealed that the application calls are rather demanding in terms of their extensiveness and complexity. Some measures seem suitable and useful (133 and 132) whereas some do not (142). It was estimated by APPDP that preparation of application for the measure no. 142 would take them more work and time, and bring them more costs than there would be the benefits since each farm needs to prepare their own application separately. Additionally, the threshold to enter into the system of reimbursement is to the opinion of APPDP(1) too high. Each producer must submit documentation for 5% of all his/her sales which is a demanding task for small producers. To the view of APPDP(1) this measure seems convenient for larger producers for whom such evidences is not a demanding task: they are able to keep records for every their product while the associations like APPDP are not able to have such an evidence for all their members. The representative of MAFF has been informed about the small number of applications to this particular measure, but the reason of this unexploited opportunity is differently perceived by her than by APPDP(1). She thinks that the problem of low interest for this measure rests on exclusion of others, non FQS producers' groups and that solution of this problem is in inclusion of those involved in integrated production. Thus, in this regard MAFF already changed the criteria for future application calls pertaining this measure.

As APPDP representatives reported the measure 133 was fairly well accepted among small producers, but unfortunately there were not enough resources for all applicants (e.g. the second call was closed ahead of time due to preliminary exploitation of all available resources). Additionally, it was also assessed that project requirements in defining the structure of costs for each promotional activity were too formalized and strict; they did not allow any flexibility, everything needs to be defined in advance. The measure 132 was also well accepted in spite of some of its deficiencies. To the opinion of APPDP(2) a circle of beneficiaries at this measure should be larger, not just confined to farmers and non-profit organisations. Among those who could be the beneficiaries of RDP resources for certification could also be a group of restaurants and shops owners. In this way the promotion and development of FQS would be faster and more successful.

Besides that also some other problems pertaining to RDP and FQS were identified throughout the interviews. First of all, to the opinion of our collocutors a long-lasting strategy of FQS development created on a national level is missing. The prospects of this scheme is uncertain because it is not very clear what will happen when the RDP will be over; whether all the system will collapse or will be able to adapt to the conditions of limited resources of aid. Some of our collocutors expressed critical statement that the main interest of those who launched these measures was not to support future oriented activities but to spend the money for what ever purpose:

“These resources are not spent as they should be, marketing organisations and development agencies and all sorts of projects' hunters are profiting the most from these resources, but not the producers' groups as this should be.” APPDP (2)

However, all in all our collocutors assess that without RDP measures the process of putting FQS into force would be more slowly and difficult.

Conclusions

In spite of common EU regulation framework in comparison to other member states with much long tradition of protected food products the operation of FQS in Slovenia has taken specific path and results. Particularly, there is relatively long list of protected products but only minority of them is certified and successfully placed on the market. Our case study highlighted some facets of this situation.

At its beginning the policy makers and some enthusiastic producers who set up this system did not consider enough some basic conditions that need to be fulfilled for its successful functioning. No research on market potential of selected products and familiarity of consumers with these products and their willingness to buy them were carried out. The size of products that was protected was too large and the criteria of protected products were unrealistically, too severely defined. Additionally, on the basis of our interviews it was also found out that the system was basically set up by the 'top down' approach; there were only few initiatives of the local producers.

Our case study indicates that where there were local initiatives the economic motivation of an individual producer accompanied with the group of supporters was the most important basis for creating a successful story of the FQS. Though, the state support in terms of formation of regulation and financial aids was significant too. But in this regards the following problems were identified:

- insufficiently implemented control and sanctions against the violators of FQS,
- feedbacks of producers and consumers on administrative proceedings are not taken into account by the MAFF bureaucrats on a regular basis,
- different perception of problems related to FQS by producers and their associations on one hand and the MAFF bureaucrats on the other hand,
- complex and very slowly running administrative procedures,
- the application calls (e.g. of RDP) are rather demanding in terms of their extensiveness and complexity, when projects are approved a flexibility of activities is not allowed,
- the costs of control of FQS standards is only partially covered by the state resources (costs of internal control that can significantly vary from one FQS product to the other are challenging issue of producers' associations and individual producers),

Other problems identified through the interviews, pertaining to the local producers and their social setting, are as follows:

- a lack of trust and loyalty among members of producers' group,
- prevailing individualistic and passive behaviour among producers and farmers,
- a prevalence of 'unpretentious' consumers in Slovenia, trustful to not certified farm food products and not attentive to marks and labels pertaining to FQS

- unwillingness of larger retailers to include FQS products in their sell offer and their competitive dealing with small producers by lowering prices of similar products,
- a lack of institutional framework to enable farmers' cooperation,
- poor coordination and organisational skills of farmers for joint actions,
- a lack of entrepreneurial attitude among farmers.

Many of these problems are connected with each other, e.g. a lack of trust and loyalty among producers and insufficiently implemented control against the violators of FQS; a lack of institutional framework to enable farmers' cooperation and poor coordination and organisational skills the farmers have; prevailing individualistic and passive behaviour among producers and farmers and the lack of entrepreneurial motivation among them. On the basis of all this facts it could be stated that the current policy mechanisms promoting FQS are not that adequate. Also RDP measures represent a continuation of initial segmented, 'top down' policy approach with out so far sufficient reflection on what is going on the ground, among farmers, associations and consumers. In this regards, as indicated by the interviews well prepared national strategy of FQS development is needed where all identified problems should be taken into account.

However, through the interviews also positive, encouraging aspects of FQS were identified. Though RDP encompasses only a minority of its budget to the measures of FQS interviews indicated these measures are important basis for FQS operation particularly in its initial stages of development and promotion. Moreover, with operation of FQS among the farmers the entrepreneurial spirit and innovative thinking and behaviour can be created or improved. Additionally, high quality standards obtained through FQS activities in to other spheres of agricultural and rural activities can be diffused. From this point of view it could be stated that the importance rural development policy allocated to certified agricultural and food products is justified.

There is a learning process required for governmental bodies as well as for producers and all others more directly involved in the issue. The bureaucrats should be more as so far attentive about the economic and sociological aspects of the scheme while the producers should be more realistic at defining essential characteristics of the products they wish to be included into the scheme and to be more active in creating necessary social capital. But for all this good mutual exchange of information is the prerequisite.

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