

The Consortia for the Protection of typical products

The Consortia

In a broader way, a **consortium is an association** of two or more individuals, companies, organizations or governments (or any combination of these entities) with the objective of participating in a common activity or **pooling their resources for achieving a common goal** (Wikipedia).

It is therefore ruled in a similar way than the “associations” (**one member/one vote, no profit status**, framed by Statute and Regulation, run by a President and a Board of Directors) and the financial resources are mainly: **membership fees, contribution from members, public funds** on specific project.

The Consortia for the protection of typical products

Consortia for the protection of typical products **arise**, above all:

- to **cope with the criticalities and the structural and cultural constraints** that companies and production and distribution chains have,
- to **improve** the coordination of the institutional system in the activities of **communication and development**.

Consortia are **made up of producers and / or processors of a given quality product**, which are totally concerned with the protection of the interests of the denominations (ODP, PGI, etc.)

They have the **primary purpose** of:

- **protecting, promoting** and enhancing the information to the consumer
- **watching over products**, safeguarding them from abuse, unfair competition, counterfeiting and misuse of the naming.

By law, control activities are delegated to third parties, separating them from the Consortium's own business.

To start the proceeding for an ODP, it is necessary that:

- the **members** of the Consortium **produce**, among all of them, at **least 60% of the product** they want to regulate and protect;
- the **Consortium associate at least 40% of the companies** involved in the production of that product.

Moreover **20% of the companies** in the Consortium have to belong to the other sectors of the “**product chain**” (e.g. farmers, slaughters, slicers, etc. for the Parma Ham ODP Consortium). In other words, Consortium has to represent all activities of the “product chain”.

ODP could be connected with one or more of the following kind of peculiarity:

- a **unique “autochthonous” product** (mineral, vegetable, animal, etc.) with specific physical features: Basil from Genova, Vesuvius tomatoes, “Rotonda Gentile” hazelnut from Piedmont, “Cinta Senese” pig, many Italian wines from unique grapes.
- specific local conditions** (weather, soil, vegetation, water, etc.) that, interacting with the product, give it some unique features: Tropea Red Onion, Castelmagno Cheese, Green Asparagus from Altedo,
- tradition and historical heritage** (manufacturing process, product features, etc.): Parma Ham, Parmigiano Reggiano Cheese, Grana Padano Cheese, Gongorzola Cheese, Balsamic vinegar of Modena.
- simply a specific area**, that “**specialized**” itself **on a production**: Apples from Non Valley (Melinda); Apple from Alto Adige; Marostica Cherry, Rice from Po river delta.

2 very different examples of ODP management

1. Parma Ham ODP

- case b. specific local conditions + c. tradition and historical heritage
- Consortium care about quality control, promotion, market regulation, ODP protection, etc. only. Product chain, marketing strategies and sales activities are managed independently by the single companies, within the frame of the Consortium rules.

2. Apples from Non Valley ODP

- case d. simply a specific area, that “specialized” itself on a production
- Consortium handle everything, from the collection of the apples from each producer to the sale on the national and international market, including stocking, sorting, packaging, delivery, marketing and distribution of profits to associates

1. Parma Ham ODP

Parma Ham

Parma Ham is made by fresh pigs legs from authorized slaughter houses on a weekly basis; the average weight of each leg is around 15 kg.

By law the pigs are at least nine months old and must weigh a minimum of 140 kgs, at the time of slaughter, and must be specially bred Large White, Landrace and Duroc breeds, born and raised by authorised breeding farms located in 10 regions of central-northern Italy. Their diet is a specially regulated blend of grains, cereals and whey from Parmigiano-Reggiano cheese production, ensuring a heavy pig with a moderate daily growth in an excellent state of health.

The legs are cured with pure sea salt only (no preservatives and additives) in order to keep the meat as sweet-tasting and as supple as possible. The curing is controlled carefully so that the ham absorbs only enough salt to preserve it. By the end, a trimmed ham will have lost more than a quarter of its weight through moisture loss, helping to concentrate the flavour. The meat becomes tender and the distinctive aroma and flavour of Parma Ham emerge.

After 12 months, and after special inspections carried out by the **Inspectors of the Parma Quality Institute**, the **5-point crown** is branded on the pig legs and they become **Parma Ham**. The **legal recognition of the Parma Ham Consortium makes marking a true state mark** and a guarantee of the absolute respect of the traditional methodology, legally sanctioned (Law 26 of 13 February 1990 and DL 253 of 15 February 1993). The pre-slicing and packaging of Parma Ham can only be carried out in the Parma region under the watchful eyes of IPQ inspectors and so guaranteeing slice after slice of authentic, quality product.

The Consortium of Parma Ham

The “Consorzio del Prosciutto di Parma” was **set up in 1963**, by 23 ham producers (the ones managing the “curing” process 12 or more months long) with the objectives of safeguarding the genuine product, its tradition and the image represented by the designation 'Parma'. Since 1970, when the first law on “Parma Ham” was passed, it is the official body in charge for safeguarding, protecting and promoting the Designation of Origin “Prosciutto di Parma”. Nowadays the Consortium associates the 150 producers of Parma Ham

Tasks and functions of the Consortium

- Management and Safeguard of the **Production Regulations**, Working together with the Italian Ministry for Agriculture and the EU related Directions.
- Management of the **Economic Policy**, including formulation of strategies, trends and macro-economic policies for Parma Ham.
- Definition of **Quality Control Schedules** through scientific check of the quality requirements in terms of amount of salt, degree of humidity and level of proteolysis.
- Supervision, in general terms, concerning the **correct observance of provisions** laid down **by law and by regulations** and performed at the breeding farms, slaughterhouses, producers and traders at all levels; **full time inspectors act as Judiciary Police Agents**. These inspectors may carry out any type of

verification, inspection or control of whoever produces, packages, keeps or sells hams in any type of establishment. Any incorrect procedures recorded will be prosecuted with administrative, civil or penal measures.

- **Protection of the denomination “Parma Ham” and of the relative brand** (Ducal Crown) , stamps and identification seals, world-wide, for the suppression of any illegal use, or any act of unfair competition. To do this, the Consortium can take any suitable measure, including legal measures, in particular in countries where the product is widely marketed.
- **Assistance to associated companies**, through advisory services and other support offered to improve production and marketing of Parma Ham
- **Promoting and enhancing the product**, to enhance the image of Parma Ham worldwide.

Being officially empowered by MiPAF (Ministry of Agricultural and Forestry Policies) the **Consortium act as a public body** and, therefore, it **purchases** services, works and goods on the market **by public tenders** (advertising campaign, consultancy services, market survey, etc.).

Key points

Parma Ham Consortium is **grounded on a specific product**, based on a **strong traditional heritage and features** (weight, thickness of the fat, colour, etc.), but NOT on a specific “autochthonous” animal with unique features. On contrary, **all chain**, from breeding to processing and, if required, pre-slicing and packaging, must be carried on **in specific geographical areas**.

The Consortium hosts very large companies as well as very small. But 50% about of the production is made by 20% of the companies.

By statute, **ham producers** have **66% of votes** within the Consortium assembly, in order to guarantee them an higher power on its management, while the resting **34%** of votes is **divided among farmers, slaughters and slicers**.

In addition:

- only the ham producers having at least 66% of their production made by Parma Ham, can seat in the board of directors of the Consortium.
- small companies have the right of one seat in the board of directors of the Consortium.

Market regulation activity

The **Consortium care about price strategy** while **every company is free to adopt its own marketing and price policy**.

Consortium act as **market regulator** through a “**supply adjustment plan**” fixing one year in advance its maximum production and the maximum production of the members, including the “penalties” for overproduction.

The “supply adjustment plan” is based on:

- the **Equity Balance of the Sector**: the ideal level of offer of Parma ham on the market, calculated on the basis of product demand, in order to strike the balance between demand and supply.
- the **Reference Point of each ham producer**: means the reference production share (the production share of the company) recognized and attributed to each individual ham producer.

The Equity Balance of the Sector for year 2017 is fixed in 9 mln pcs of ham (whole boned leg).

In case of **over production**, is applied a specific fee, considering the following over production reference scale:

Over production	Euro per “seal” (*)
from 0% to 3,00 %	3,00
from 3,01% to 6,00%	8,00
from 6,01% to 9,00 %	14,00

above 9,00%	20,00
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(*) “ODP warranty seal”, placed on each piece of leg. No “Parma Ham” can be sold without it.

The plan allows special condition to the small producers and to the producers just entered in the market.

Strength points

The Parma Ham Consortium is performing with effectiveness its marketing and promotional activities.

The market is stable, at national level and in a regular continuous growth at EU and extra EU level, notwithstanding a large competition with fake product.

Critical points

A. Because Parma Ham Consortium is performing with effectiveness its marketing and promotional activities:

1. the ham producers have **no relevant advantages in investing into independent actions** and campaigns to promote labelled Parma Ham.
2. most of Parma Ham producers adopted the following market strategy:
 - they produce, in parallel, a **line of ham out of the ODP Parma Ham label**
 - the ham without ODP label is **promoted and marketed independently by each producer**,
 - on one side, the unlabelled product takes a big **advantage by the fame of the ODP Parma Ham** and by the worldwide marketing activities of the Consortium, because it always comes from Parma Province,
 - on the other side, the **ham without ODP label can be sold at a lower price**, because all chain is less strictly controlled and no “fee” have to be paid to the Consortium.

The same ham producers is then able to **feed two segment of the ham market**: the first looking for top quality at higher price and the second looking for good quality at a slighter lower price.

As a consequence:

- the ODP Parma Ham is **not exploiting all the potential market**
- producers sell large amount of **less controlled product** at a lower price, **fostering the market of the forgery**.

B. In time, the **production is concentrating** more and more in the hand of few large producers (**50% about of the production is made by 20% of the companies**) and they are incorporating all the activities of the chain (farming, slaughtering, cutting and packaging). Notwithstanding the provision of the Consortium Statute, **it reduce the internal debate** and the weight of the small producers in the decision process.

C. Most of the **farming activity** is made **out of the Parma Province**, notwithstanding it is limited to some other Italian Province too and connected to industrial breeding systems. Therefore Parma region do not take the full advantage from the trading of the ham with its name.

Prosciutto di Parma POD in figures

4.000 pig farms

118 Slaughtery house

9 mln Parma Ham branded each year

79 mln packs of pre-sliced Parma Ham

3.000 processing workers involved in the sector

50.000 workers involved in the whole branch

The value

Production value: 749 mln euro

Export turnover: 280 mln euro

Revenue from consumers sales: 1.700 mln euro

2. Apples from Non Valley ODP

Background

At the end of the seventeenth-century, the quality of fruit grown in the Val di Non, at that time mostly mulberries and grapes, was already “certified” by diplomas issued by the main fruit and vegetable exhibitions in the Austro-Hungarian empire.

After World War One, the most farsighted farmers had the good idea of introducing apple and pear farming to the impervious mountain slopes in the Val di Non, taking advantage of a particularly favourable moment in time. It was a decisive step that in just 20 years turned apple-farming into the most important agricultural activity in the whole of the Val di Non.

This development was helped by various factors, including:

- mainly, the ever wider use of irrigation systems,
- the increased professionalism and specialisation of local farmers,
- the positive evolution in fruit consumption
- the beginning, growth and spreading of cooperative structures and mentality.

The **Consortium Apples from Non Valley settled in 1989** by a group of farmer’s cooperatives operating in Non Valley and Sun Valley in Trentino Region.

A **specific Quality Division** was set up to check quality standards of Melinda apples, with the aim of providing consumers with a total guarantee.

9 years later, the **Consortium** was **named after “MELINDA”** the brand labelling all the variety of apples grown by its farmer.

Consortium mandated London-based “**Minale Tattersfield and Partners**”, a well-known design agency, to **create the logo** which is still being used today.

In 1992, for the **first time in Italy**, Europe and the world, **an apple**, Melinda, **starred in an advert broadcast** on the major Italian national TV channels. For the first time, farming too used communication techniques that until then had only been used by industry.

More recently, in response to customer demand, Melinda launched three new products: Melinda Cherries, Melinda Juice, a pure apple juice without added water or sugar, and Melinda Snack, consisting of slices of Golden Delicious apples from Val di Non, which have been peeled, cored, sliced and dried.

Protected Designation of Origin

PDO apples from the Val di Non are **only produced in a limited area**, north-west of the province of Trento, at an altitude of between 450 and 900m and characterised by climatic and pedological conditions that have always made it one of the most suitable areas for apple production.

Following European Union (EU) legislation establishing a system for the protection of food names on a geographical basis, the **Consortium registered “Val di Non apples” as a “Protected Designation of Origin” (PDO)**, based on the features and characteristics that their production method and particular geographical area confer them (outlined in the EU “production regulations for Val di Non apples”).

To qualify for collective mark protection, the fruits produced by the members of the “Consortio Melinda” **must conform to certain quality and aesthetic criteria** which differentiate the fruits with the Melinda label. Conscious of the need to increase the homogeneity of the quality of Melinda products, the Consortium decided to exclusively produce and market apples.

Focus on Quality

It adopted **strict regulation** (“product specifications”) **ranging from rules governing producers and growing techniques to quality control and packaging**, which all members must respect in order to use the Melinda brand on their apples.

Apple producers wanting to produce **Melinda** apples:

- must be **members of one of the 16 cooperatives** (included therefore in the producer members’ list);

- **every year they must declare a list of their orchards**, giving all the land registry coordinates and production characteristics (variety, year planted, etc.);
- they must also **declare, when harvesting, the origins of the apples** delivered to their cooperatives.

Melinda sets the rules for harvesting, which takes place on different dates from zone to zone for the different varieties and for delivery of the fruit, which entails an initial selection by the producers in the field.

The **main rules** in the PDO Val di Non apples **Production Guidelines** are:

- inherent **quality of the fruit**: minimal values for sugars, acidity, hardness;
- regulation of the **quantity of fruit produced**: maximum production per hectare;
- maximum **number of plants per hectare**.

The **PDO Val di Non apple brand** is reserved **exclusively for Golden Delicious, Red Delicious and Renetta del Canada apples** produced in the Val di Non, that:

- are in **category one**
- **exceed the crispness, sugar and natural acid levels set** by the Production Guidelines approved by the EC.

Environment Ethics and Health

The apples are grown in compliance with the **Integrated Production Guidelines**, which guarantee the maximum healthiness for the product and respect for the environment.

The main rules in the Melinda Guidelines are:

- **respect for the orchard** as an integral part of the valley's ecosystem;
- cultivation and protection of the plants with **low-impact methods**;
- environmental (**Integrated Production techniques**);
- **diversified harvest** based on the orchard characteristics;
- apple **packaging manual**.

They are stored, selected and packaged according to the strictest Italian and European control standards, (ISO 9001, BRC, IFS certifications).

The Consortium Melinda SCA has adopted a **Code of Ethics** stating important principles of ethics of behaviour that have to be kept by all members the Consortium and by those who have, any relationship with it.

In addition, Consorzio Melinda has also adopted a **Health and Safety Management System (SGSS)** in the workplace for which it intends to obtain a specific certification called OHSAS 18001.

The adoption of the SGSS aims at reducing accidents and occupational diseases also through the active participation and involvement of all people who are part of any organization of the Consortium Melinda.

The MELINDA Consortium

Producers are the sole proprietors of the MELINDA Consortium SCA.

At the moment, the **Consortium is hold by 16 cooperatives**, representing about **4.000 families** of small fruit-farmers in the area identified as the "DOP Mela Val di Non" apple producing zone.

The Melinda Consortium Sca farms a total of **around 6,500 hectares of land**.

The consortium's articles of association state as follows:

ART. 2 -*"The consortium is a non-profit association that allows its members to participate in the benefits of mutuality, applying the methods of the latter and inspired, in its operations, by the principles of free, spontaneous cooperation, committed to diffusion and assertion thereof.*

The aim of the consortium is to improve the quality of fruit and vegetables, to adjust the volume of supply to market demand through concentration of products, to reduce production costs and regulate prices, as well as to promote recourse to cultivation practices and techniques for production and management of residues that respect the environment, in particular to safeguard the quality of water, of soils and the landscape and to preserve and/or develop biodiversity".

Within each cooperative, the **member fruit-farmers** who meet for the Ordinary Assemblies **directly elect the members who form the Board of Directors for their particular cooperative**. The president and vice president for each cooperative are then elected from these directors.

The **Melinda Consortium Board of Directors is therefore made up of the 16 presidents, each one representing their own cooperative**. Their main function is to approve or reject decisions and plans put forward by the Consortium Management Staff, comprising the CEO and **five division managers: sales, marketing, processing, HR and quality**.

Melinda Consortium **organises and manages all the technical choices of an agronomic nature and all the activities downstream of apple harvesting** (storage, refrigerated storage, selection, packaging, despatch, promotion, sales, administration, purchases, HR management, etc.) **and all the work of the over 1,100 workers** both male and female.

Melinda **Consortium acts as a private company** when purchases services, works and goods on the market (advertising campaign, consultancy services, construction of storages and packaging plants, etc.).

At the end of the marketing year, Consorzio Melinda SCA determines the payment due to each of the 4.000 cooperative members of the 16 consortium cooperatives, on the basis of the quantity given and the results of the electronic measurement of the aesthetic and chemical-physical characteristics of the fruits.

Melinda Consortium in figures

300,000 tons/year of Val di Non apples harvested

60% of apple production from the Trentino region

10% of Italian production

5% of European production

4.000 producers in 16 cooperatives

1.100 workers hired by the Consortium

The value

Production value: 339 mln euro

Export turnover: 38 mln euro