




Ministers want to give farmers better bargaining power


Published: Tuesday 19 January 2010

EU-27 farm ministers agreed yesterday (18 January) to push for measures that would ensure all actors in the food supply chain, and particularly farmers, receive fair compensation for their work.

Background:

Amid soaring food prices, the European Commission decided in May 2008 to open an investigation into the causes of such sharp increases. The EU executive decided to better monitor developments in agricultural commodity prices, analyse the impact of speculation on prices and investigate the functioning of the food supply chain.

In December 2008, it published an interim report on [food prices in Europe](#) , including a roadmap identifying key directions for policy actions. It also called on national authorities to keep an eye out for potential unfair commercial practices in the food sector which may be holding back competition and consumer protection (EurActiv [11/12/08](#)).

After a year-long inquiry into the food supply chain, a Commission [report](#)  published in October 2009 concluded that there were "significant imbalances" in contractual relations between actors in the food supply chain. Tensions stem from differences in bargaining power, which may lead to unfair trading practices, it said (EurActiv [29/10/09](#)).


As a result, the EU executive plans to further investigate how farmers' bargaining position can be strengthened vis-à-vis larger buyers "be

they producers, wholesalers, retailers" or large multinational food producers.

It said small food producers' market position could be reinforced by creating producer organisations, in the context of EU rural development policy and the post-2013 Common Agricultural Policy (CAP), for example.

More on this topic:



 Links Dossier: [Global food prices and CAP reform](#)

 News: [Commission takes aim at retailers in food supply probe](#)

 News: [Commission eyes more competitive food sector](#)

Other related news:

- [SMEs hit out at cost of EU food labelling proposals](#)
- [Restaurants' carbon footprint under scrutiny](#)
- [IFPRI: 'Food crisis not over when prices come down'](#)
- [Interview: Winners of food price boom must help solve crisis](#)
- [Food labelling not enough to curb EU obesity trends](#)

EU agriculture ministers met yesterday (18 January) to discuss Commission [proposals](#)   on a better functioning food supply chain in Europe, which aims at improving commercial relationships between producers and consumers.

Spanish Rural Affairs Minister Elena Espinosa, chair of the ministerial meeting, said that the discussions revolved around greater price and market transparency, combating unfair commercial practices, contractual relationships, 'inter-branch' cooperation between professional organisations and the overall "competitive edge" of the EU agri-food sector at international level.

She said that all ministers welcomed the Commission's initiative, which sets out measures to ensure the proper functioning of the food supply chain, and expressed hope that EU measures would enter into force "as soon as possible".

Furthermore, many delegations underlined the need for further steps to ensure "fair distribution of value added right the way down the food

supply chain," stressing the need to make sure that "each link in the chain gets fair compensation" for work done in the process, the Spanish Council chair told the press.

While a number of countries already have price monitoring centres, this information is not shared with other member states, according to Espinosa. "We should not only share information about prices but also about profit margins people might be benefiting from. We should be able to have that information to spot where distortions are occurring in the food supply chain nationally or throughout Europe," she said.

CAP waivers under discussion

A number of countries suggested making changes to the single Common Market Organisation's (CMO) role in EU farm policy. Some delegations proposed the introduction of waivers and exceptions for the agrifood sector to allow its actors to become better organised.

Espinosa said the delegations had already agreed on many issues in this regard, but "one or two points" remained to be discussed in the special committee on agriculture before unanimity could be reached and trigger new legislative initiatives.

However, measures introduced through legislative initiatives might take a bit longer to see the light as the European Parliament now holds co-decision powers. On the contrary, measures that do not include legislative initiatives could be adopted "more quickly," Espinosa said.

A group of member states led by France has suggested setting a minimum price for milk at national level between producers and industry (EurActiv [08/09/09](#)). Such 'contractualisation' at EU level between producers of agricultural commodities and industry is not currently possible, but has been proposed as a solution to the current milk crisis and declining dairy farming revenues. This possibility is currently being studied and could be proposed for other farm commodities too.

French bill

Last week, the French government presented a [bill](#) to reform the country's agriculture and fisheries policy.

French Farm Minister Bruno Le Maire said that the principle of a state-regulated written contract would "become the rule" in relations between food producers and the rest of the food chain in order to improve producer income and to balance relations between food producers, industry and retailers.

Positions:

EU farm lobby **Copa-Cogeca** welcomed the ministerial debate on improving the functioning of the EU food supply chain. The lobby believes that "in the light of the recent market failures, strong measures are required to ensure that farmers' and their cooperatives' position in the food chain is strengthened".

Cogeca President Paolo Bruni stressed that "the growing disparity between producer and consumer prices has reached such a point that it is vital for the EU institutions to take action. The EU food market is dominated by large retailers and farmers share in retail food prices is continuing to be eroded. Concrete measures are consequently vital to address the problems of late payments, market abuses, unfair commercial practices and distortions of competition in the food chain. This will contribute to the smoother running of the food chain and fairer competition, thus enabling farmers and cooperatives to obtain a bigger proportion of the value added and have a fair and stable income".

The European commerce sector, represented by **EuroCommerce**, urged EU farm ministers to "get to grips with the complexity of the entire food supply chain, before acting on any measures aimed at boosting its overall competitiveness".

According to the lobby, basic freedoms of contract need to be maintained in order to keep prices as low as possible. The commercial sector also calls for "a removal of territorial supply restrictions that force [us] to purchase from national distribution organisations, instead of negotiating the best deal across borders".

EuroCommerce Secretary-General Xavier R. Durieu stressed that "competition is the best guarantee that consumers will get the keenest prices".

Durieu added that "the price monitoring tools currently under discussion would only result in more red tape and will fail to deliver real results: prices to consumers are indeed greatly influenced by local costs and conditions, while possibilities to purchase cross-border are hampered by large manufacturers".

Next steps:

- **2010:** Mandate and membership of High-Level Group on the Competitiveness of the Agro-Food Industry to be broadened.
- **From summer 2010:** European Food Price Monitoring [tool](#) to cover more food products and chains.
- **By Nov. 2010:** Commission will issue report on the follow-up to actions proposed in its October 2009 report.

Links

European Union

- Commission: [Communication on A better functioning food supply chain in Europe](#) (28 October 2009) [FR] [DE]
- Commission press release: [Commission proposes concrete actions to improve functioning of the food supply chain in the EU](#) (28 October 2009) [FR] [DE]
- Eurostat: [A European Food Prices Monitoring Tool - A first design](#) (October 2009)
- Commission: [Commission adopts a communication on a better functioning food supply chain in Europe](#)
- Commission: [Communication on food prices in Europe](#) (10 December 2008) [FR] [DE]
- Commission: [Communication on Tackling the challenge of rising food prices – Directions for EU action](#) (20 May 2008) [FR] [DE]

Governments

- French government: [Présentation du projet de loi de modernisation de l'agriculture et de la pêche](#) (13 January 2010)

Business & Industry

- Copa-Cogeca: [Copa-Cogeca welcomes farm ministers debate on food chain and Spanish Presidency aim to debate future of CAP](#) (18 January 2010)
- Copa-Cogeca: [Cogeca discusses how to achieve a transparent, efficient and more balanced food chain](#) (16 December 2009)
- EuroCommerce: [Agricultural Ministers urged to get to grips with the full complexity of the food supply chain](#) (14 December 2009)
- Copa-Cogeca: [Copa-Cogeca welcomes Commission plans to improve functioning of food supply chain but argues more action is vital](#) (28 October 2009)
- European Retail Round Table (ERRT): [Retailers welcome food supply chain report](#) (28 October 2009)
- EuroCommerce: [Commerce advocates holistic view of supply chain](#) (28 October 2009)