

Extracting Benefits for all from the Agriculture-Based Value Chain

Rethinking Agriculture – World
Agricultural Forum Congress

Breakout Session III

Marc Rosiers - 29/11/2011



AGROFront



Findings

- Food prices in Europe (COM(2008) 821)
 - Supply shortages in 2007 were followed very rapidly by supply surpluses in 2008/09
 - EU Commission finds problems in the functioning of the food supply chain
 - The asymmetry in bargaining power between farmers and the rest of the chain keeps farmers margins under pressure
- Dairy market situation 2009 (COM(2009)385)
 - EU Commission questions price transmission and the distribution of value-added



AGROFront



Findings

- EU COM makes proposals to improve the functioning of the food supply chain (COM(2009) 591)
 - Promote sustainable and market-based relationships between stakeholders in the food supply chain by
 - eliminating **unfair contractual practices** between business actors all along the food supply chain
 - developing a **common approach to relevant competition issues**



AGROFront



Findings

- EU COM makes proposals to improve the functioning of the food supply chain (COM(2009) 591)
 - Increase transparency along the food supply chain to encourage competition and improve its resilience to price volatility by
 - improving the oversight and overall **transparency of agricultural commodity derivatives markets**
 - **monitoring** producers and consumer prices



AGROFront



Findings

- EU COM makes proposals to improve the functioning of the food supply chain (COM(2009) 591)
 - Foster the integration and competitiveness of the European food supply chain across Member States by
 - **reinforcing the internal market** (addressing territorial supply constraints, revising the legislation on labelling rules, harmonising the implementation of Community food safety standards, ...)
 - promoting and facilitate the restructuring and consolidation of the agricultural sector (**producer organisations**, innovation and exports)



AGROFront



Ideas

- More market, less government
- The market will continue to play a central role
- However, the market is not perfect
 - The issue of volatility of prices
 - The issue of the price level
(Market price does not cover costs)



AGROFront



Ideas

- Solutions
 - Price level
 - Asymmetric bargaining power
 - Code of conduct
 - Enhance the position of farmers within the sector and throughout the supply chain
 - » Producer organisations en cooperatives
 - » Agreements within the supply chain
 - » Systems of certified quality products



AGROFront

BEMEFA



APFACA

FEVIA

Federatie Voedingsindustrie
Fédération de l'Industrie Alimentaire



uw handel, onze zaak | votre commerce, notre affaire



Unie van Zelfstandige Ondernemers

Belgian Agro Food Chain platform

- Participants
- Discussion process
 - Code of conduct
 - Valorisation of extra legal quality requirements
 - Inter-professional agreements

Discussion process

Code of conduct for fair trading practices

- Fresh food can not be used as a teaser
- Food can not be sold under production cost
- Preference for community products
- Fair trade practices within the agro-food chain

Valorisation of extra legal quality requirements

- Inventory of all recognised labels
- Direct payment to the farmer
- Simplification of certification (mutual recognition)
- Communication (also to consumer)

Legal framework for inter professional agreements (IPA)

- At European level (level playing field)
- Might imply an exception on competition law
- Some cost parameters should be taken into account
- Transmission of farmers' costs in the chain
- Farmers' freedom of choice must be guaranteed

Code of conduct

- The Belgian Code of conduct for fair trading practices was signed on May 20, 2010
- Scope
 - applies to all links in the chain and to all operators
 - governs relations between purchasers and suppliers
 - voluntary adherence by signing a “declaration for fair trading practices”
- Management & Monitoring
 - Comply or explain principle
 - Annual reporting by the Agro Food Chain Platform
 - No individual dossiers
- Nine recommendations

Inter-professional agreements

- A balanced relationship between the different partners in the Agro Food Chain
 - At European level (level playing field)
 - A general European regulatory framework for IPA
 - Might imply flexibility on competition rules
 - Needs to tackle the lack of transmission of a cost increase at farm level throughout the chain
 - Must provide space for a sectoral approach
 - Must guarantee the freedom of choice for the farmer



Inter-professional agreements

- Elements of an IPA
 - Measurement & control of delivered quality
 - Production requirements
 - Delivery conditions (obligation of delivery, obligation of purchase; duration and staggering in time, early & late deliveries, place of delivery, transport modalities, ...)
 - Payment conditions
 - Agreements on the valorisation of excess supply
 - Agreements on the valorisation of co-products
 - Arbitrage modalities



Debate question

- Can the elimination of the asymmetric bargaining position of farmers contribute to a better price level?

