

# Summary report of the first meeting of the Agricultural Markets Task Force on 13 January 2016

## 1. INTRODUCTION

DG AGRI (DG **Jerzy PLEWA**) opened the meeting recalling the mandate of the taskforce which is to provide the Commission with advice and expertise in the area of the food supply chain and see what concrete improvements could be made for farmers. The members are appointed in their personal capacity on the basis of their specific expertise, not as representatives of interest groups or Member States. The taskforce will receive the full support of the Commission services and is expected to reach out to wider society for opinions and provide a report with concrete policy recommendations in autumn 2016.

**Cees VEERMAN** (chairman of the taskforce) characterised the wider context of the taskforce. Agriculture was in transition from the old world of stabilised markets, budgetary support and limited need for societal legitimisation to a new era of liberalised markets with farm incomes under pressure but at the same time increased need for high quality food. The policy that supports it should be socially acceptable and create fresh solutions to stabilise markets – prices and incomes – by helping farmers to be more reactive to market signals and develop new markets.

## 2. PROCEDURE

The taskforce appointed a vice-chair, **Ms Esther VALVERDE CABRERO**.

The taskforce agreed:

- to a document on the working methods of the Agricultural Market Task Force;
- that the interpretation for its further meetings will be in English, French and Spanish;
- that each of its meetings will be dedicated to a specific topic(s).

As regards outreach, the taskforce will be in touch with the EP (COMAGRI), Council/Member States and interest groups. The modalities of this outreach remain to be determined.

## 3. NEXT MEETING

Market transparency will be the topic of the next meeting on the 8<sup>th</sup> of March.

## 4. EXCHANGE OF VIEWS

At the suggestion of the Chair, the members presented their general views on the functioning of the food supply chain in a round table.

It was underlined that the market sets the price and therefore what can be done to improve farmers' position is limited by the market situation – cooperatives can smooth the movements in price or at least help the farmers understand them. Price volatility can be reduced through improving the transmission of price signals to farmers, who are then able to more quickly respond to price movements however they still often decide on

expanding supply regardless of oversupply in a market due to their individual business plans. Structural changes are inevitable.

The role of a reference price is therefore important. For it to be effective it requires that everyone in the supply chain trusts in the reference price and is willing to use it to judge or set the evolution of their own prices.

Instability is the new normal and a main issue for the group is to devise ways to prepare farmers to prepare, adapt and mitigate this instability.

It was pointed out that in some sectors (cereals) futures were part of the toolbox to manage risk. Access to price information and quick transmission mechanisms are crucial for the proper functioning of markets. It was noted that while agricultural markets are liberalised, financial tools which can support farmers are under increased regulation which can decrease their usefulness.

Several members referred to national regulatory initiatives and experiences in relation to the functioning of the food supply chain and trading practices. Some expressed doubts about the impact of the (voluntary) Supply Chain Initiative.

A further theme sounded was that in order to support farmers, there should be more market information available and accessible to farmers, who can then build their individual market strategies based on the common information. Communication of the data to farmers in a comprehensible way is important.

Last but not least, it was recalled that the wider context of agricultural production must not be forgotten. Three issues relating to food are crucial: food security, food safety and trust in food (public confidence) and should serve as the framework for the report of the group on the more specific issues it has been called to assess. Science-driven approaches such as precision farming methods were mentioned as an opportunity to eliminate inefficiencies, including of a regulatory kind, from the food system.

**DG AGRI** made short presentations (Powerpoint) on the following issues: supply chain issues, self-help tools, futures, contractualisation, market transparency, financial instruments and the European Fund for Strategic Investments (EFSI).

**Cees VEERMAN** concluded the session recognising that the common part of the members' presentation was the concern for the future of agriculture and the "love of the land". However, there is a disconnect between farmers and consumers. The market (linking both) should serve to restore the connection that has been lost in the process of industrialisation of farming. This should lead to reasonable income for farmers.