

# Agricultural Markets Task Force Report, 14 November 2016



**Meeting of Civil Dialogue Group,  
15 December 2016**

# Context

- Council September 2015 (1st crisis package)
- Announcement of high-level experts group
- **Mandate:** to look into the functioning of the food supply chain & provide concrete advice on how to improve the position of farmers therein
- 13 January 2016 – first meeting of the AMTF
- 3 November 2016 – 8th and last meeting
- 14 November 2016 – presentation of report

# Concept

- *CAP increasingly more market oriented - CMO provides safety net instead of market management*
- *Imbalance of power of operators in supply chain*
- *Optimising regulatory environment important so as to prevent market shortcomings & foster an effective supply chain*
- *CAP objectives*

# Recommendations in 7 areas

1. Market transparency
2. Risk management
3. Futures
4. Use of contracts (contractualisation)
5. Unfair Trading Practices
6. Producer cooperation (competition law)
7. Access to finance

# Regulate

1. Market transparency
2. Risk management
3. Futures
4. Use of contracts (contractualisation)
5. Unfair Trading Practices
6. Producer cooperation (competition law)
7. Access to finance

# Facilitate

1. Market transparency
2. Risk management
3. Futures
4. Use of contracts (contractualisation)
5. Unfair Trading Practices
6. Producer cooperation (competition law)
7. Access to finance

# Explore

1. Market transparency
2. Risk management
3. Futures
4. Use of contracts (contractualisation)
5. Unfair Trading Practices
6. Producer cooperation (competition law)
7. Access to finance

# Unfair Trading Practices

- **Issue:** imbalance in market power leads to unfair practices victimising the smaller party
- **Objective:** improve odds for smaller party
- **Recommendations:**
  - Core UTPs banned at EU level
  - Beneficiaries: farmers, SME processors
  - Effective enforcement in MS
  - Mixed approach: legislation & voluntary initiatives such as (enhanced) Supply Chain Initiative

# Producer cooperation (competition law)

- **Issue:** lack of legal clarity about limits of collective action by e.g. POs
- **Objective:** clarify legal rules and enhance them where useful
- **Recommendations:**
  - Clarify that recognised POs/APOs are exempted from cartel prohibition
  - Extend 'bargaining association' exemption applying to sales of fresh milk
  - 'Revive' Art 209 CMO & add comfort letter possibility

# Market transparency

- **Issue:** data gaps in the chain while farm-gate prices are transparent
- **Objective:** fill gaps so as to increase market transparency & efficiency along the chain
- **Recommendations:**
  - EC to collect data deeper into chain & disseminate
  - Create platform for better integration of MS data
  - Food euro calculations
  - Use 'big data'

# Risk management

- **Issue:** moderate uptake of EU risk management tools
- **Objective:** provide integrated risk management toolbox for farmers
- **Recommendations:**
  - Minimum in Rural Development programmes for risk management
  - Smart proxies for losses and reimbursements
  - Platform to exchange best practices
  - Mapping of data and risk
  - Possibly shift money from Direct Payments

# Futures

- **Issue:** underwhelming availability & use of futures to hedge price risk
- **Objective:** enhance value of futures for farmers
- **Recommendations:**
  - Training & awareness
  - Ties in with price transparency measures
  - Do not drain the market of liquidity by going overboard on financial legislation (MiFID)

# Use of contracts ('contractualisation')

- **Issue:** contractualisation can be an advantage for farmers but is not always used
- **Objective:** strengthen role of contractualisation
- **Recommendations:**
  - Make farmers have the right to insist on written contract
  - Facilitate sharing of knowledge and practices such as dedicated supply chains 'cutting' farmers in
  - Look into better sharing of added value via ex ante profit sharing clauses in contracts

# Access to finance

- **Issue:** financing gaps for farmers liable to lead to underinvestment
- **Objective:** step up use of financial instruments to fill gaps
- **Recommendations:**
  - EIB to get more involved in pilots etc
  - 'Crowd in' private money via using CAP money on guarantee & revolving fund basis
  - Explore export credit facility at EIB for new or risky markets

## Political context

- **Commission** Working Programme for 2017: "As concerns the position of farmers in the food supply chain [...] the Commission will consider further action as necessary."
- Analysis of report and decision on what's next
- **Council** conclusions of 12 December 2016
- High Level Forum meeting, 15 December 2016
- **EP** hearing on AMTF report in COMAGRI on 9 January 2017