

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