

A properly functioning food supply chain in the EU is central to ensuring that EU farmers receive a fair share of the final consumer price and an income comparable with other sectors. Farmers have consistently lost out – in particular due to the concentration of market power upstream and downstream (in term of inputs) and an unequal bargaining position among the various parties along the food supply chain. With the continuing growth and concentration of firms at the farm input stage, food processing and food retailing, the pendulum has swung even more to the detriment of farmers in recent times.

Overall, although prices on food commodity markets are above historical levels, the agricultural margins and incomes will not grow from the current low levels due to higher input costs and increasing price and production risks. In addition, the relatively weak position of farmers in the food chain invariably means that they bear a disproportionate share of the risks within the chain.

The key to improving margins for farmers is to bring about a proper functioning EU food supply chain both at processing and at retailing levels. There is quite considerable agreement, right across the political spectrum, in virtually every Member State, that the EU food market is not operating efficiently or fairly and that farmer and consumers both lose out. The future requirement for a detailed economic and statistical examination and report on the level and trends in the margins enjoyed by the EU food retailing sector particularly in the case of multinational retailing firms is essential.

ICMSA welcome the publication of this impact assessment as an important milestone in providing the necessary rules backed up by EU legislation to bring about better regulation of the EU food market and thereby protect and enhance the position of farmers, individually and as groups, within the agri-food value chain.

The three main issues stated in the impact assessment which require action are clearly stated as unfair trading practices (UTP), market transparency and possibilities for farmers to cooperate.

ICMSA particularly welcome the emphasis placed on market transparency and the current state of affairs in relation to UTPs and the impact on cross border trade. ICMSA supports the logical conclusion that EU level measures are required due to the patchwork of Member State legislation or voluntary codes which have limited if any impact on internal or cross-border trade. Clearly, Ireland has a major interest in the proper and transparent functioning of EU agri-food markets and ICMSA believes this is a major step forward.

The document sets out four options in relation to addressing prohibiting UTP.

Option 1 is the maintenance of the status quo which clearly is not a real option.

Option 2 which effectively would leave the issue to Member States is seriously flawed in so far as it does not deal with cross border trade within the EU and is totally inappropriate for a single market. Indeed, not alone would it be ineffective in addressing UTPs, but a patchwork of national measures to address UTPs may themselves become a barrier to trade.

Option 3 and option 4 overlap to some extent. However, ICMSA would favour Option 3 as it provides for greater harmonisation and uniformity as well as co-operation mechanisms for Member State enforcement authorities and thus would have trans-frontier applicability which is essential to cover trade within the EU.

With regard to producer co-operation, ICMSA agree with Option 2.

With respect to market transparency, obviously Option two is required to provide the necessary data to provide greater standardisation. ICMSA would like to add that the burden of complying with the additional information which would be required of commercial operators would be relatively small given that this information is already collected by these operators.

Expected impacts

ICMSA agree with the broad thrust of this initial assessment. Reference should be made to increased consumer welfare which would arise directly and indirectly from a properly operating and efficient food sector within the European Union.