



**COUNCIL OF
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NOTE

from: General Secretariat of the Council
to: Delegations

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Subject: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions
"A better functioning food supply chain in Europe"
- Presidency conclusions

Delegations will find attached the above conclusions as finalised and supported by a vast majority of delegations at the Council on 29 March 2010.

Presidency Conclusions
on the Commission Communication "A better functioning food supply chain in Europe"

THE PRESIDENCY

1. WELCOMES the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled "A better functioning food supply chain in Europe".
2. IS CONVINCED that a more efficient food supply chain would serve to support the market in the interests of all the parties to the food supply chain and EMPHASISES that fair and sustainable distribution of added value along the food supply chain will contribute to raising its overall efficiency, competitiveness and sustainability.
3. HIGHLIGHTS the need to promote sustainable and market-based relationships along the food chain and to favour a proportionate balance of power between stakeholders in the food supply chain in order to bolster Europe-wide competitiveness in the interests of primary producers, processors and consumers alike and STRESSES that considerations for a better functioning of the food chain should be based on market-oriented principles and not lead to any undue administrative burden.

I. IMPROVING THE STRUCTURE AND CONSOLIDATION OF THE AGRO-FOOD SECTOR

4. In this respect, HIGHLIGHTS the need to improve the structure and consolidation of the agro-food sector.
5. UNDERLINES the fact that the integration of primary producers and SME processors with the other links of the food supply chain, for example, through interbranch organisations or any appropriate forms of organisation could be stepped up and that the scope of activities of these organisations should be widened.

6. CONSIDERS that agricultural cooperatives and producer organisations should be strengthened and when relevant enlarged and their rules simplified. In this context one of key measures is training of farmers in strategic planning, which would contribute to more appropriate business decisions in the process of restructuring. Innovation in production and processing should also be stimulated. To this end, CONSIDERS that an assessment of the respective provisions of the relevant Council Regulations and, if appropriate, their refinement could be necessary.

II. INCREASING TRANSPARENCY

7. STRESSES that increased transparency along the food chain can contribute to encouraging competition and improving its resistance to price volatility and to this end INVITES the Commission to explore ways to increase transparency along the food chain in accordance with market-based principles in order to favour a proportionate balance of bargaining power between stakeholders in the food supply chain.

8. In this respect, WELCOMES the first edition of the European Food Prices Monitoring tool published by the Commission as well as similar initiatives taken by Member States and DECLARES its ambition to further develop the monitoring of price formation by analysing costs, processes and added value in compliance with competition law and the protection of commercial secrecy.

9. Recalling in this context the Council Conclusions on the Commission Communication "A Simplified CAP - a success for all" of 25 May 2009, CONSIDERS that where possible, optimum use should be made of already available statistical data, rather than imposing new costly reporting obligations, so as to avoid an undue administrative burden and to keep the measures to be taken in proportion to the aim.

10. TAKES NOTE of the views expressed by some Member States on the origin labelling of agricultural produce and INVITES the Commission to hold a comprehensive debate on this issue in the framework of agricultural product quality policy, in line with the current debate on the proposal for a Regulation on the provision of food information to consumers.

III. COMBATING UNFAIR TRADING PRACTICES

11. UNDERLINES the necessity for the Commission in cooperation with the Member States to identify and combat unfair trading practices and to put in place stricter controls and easier procedures for reporting such practices.
12. STRESSES the importance of shortening payment periods and eliminating, in the context of the ongoing revision of Directive 2000/35/EC of the European Parliament and of the Council on combating late payment in commercial transactions, grossly unfair commercial practices.

IV. ENCOURAGING SELF-REGULATION INITIATIVES

13. Actively ENCOURAGES self-regulation initiatives between stakeholders in the food supply chain.
14. In this spirit, INVITES the Commission to prepare sets of standard contracts for the agro-food sector, whose use should be voluntary. However, subject to compliance with single market rules and taking into account specific sectoral situations, Member States may decide to make the implementation of these contracts compulsory in some cases in order to guarantee their efficiency.
15. ENCOURAGES the adoption of Codes of Good Commercial Practices for all stakeholders in the food supply chain. Subscription to these codes should be voluntary but Member States could assess compliance with them in accordance with guidelines provided by the Commission.
16. Recalling the Final Recommendations of the High Level Group on the Competitiveness of the Agro-Food Industry, SUPPORTS the idea of establishing, in collaboration between the European Commission, the Member States and stakeholders, a European forum addressing the relationships between the players in the food chain and INVITES the Commission to set up such a forum at the earliest opportunity.

V. CAP AND COMPETITION POLICY

17. INVITES the Commission to explore the flexibility margin in the application of competition rules and harmonise their interpretation, taking account of the particularities of the agro-food sector and stimulating cooperation with the European Competition Network (ECN) to develop a common approach.

 18. CONSIDERS a harmonious relationship between competition policy and the Common Agricultural Policy essential to ensure the competitiveness of the sector and that, if appropriate, careful consideration should be given to the opportunity to amend, where necessary, competition rules and, *inter alia*, the relevant provisions of Council Regulation (EC) No 1234/2007 ("Single CMO Regulation").
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