Fair revenues for farmers: a better functioning food supply chain in Europe

2009/2237(INI) - 18/01/2010

The Council held an **exchange of views** on ways to improve the functioning of the food supply chain. It instructed its preparatory bodies to continue examination of this issue with a view to preparing a set of conclusions to be submitted to the Council for approval in a forthcoming meeting.

The debate was conducted by means of a questionnaire elaborated by the Presidency on the basis of the Commission communication "A better functioning food supply chain in Europe".

The debate identified a clear need for further work on initiatives targeting the three cross-cutting priorities identified by the Commission in order to improve the food supply chain: (i) promote sustainable and market-based relationships between stakeholders in the supply chain; (ii) increase transparency along the chain to encourage competition and improve its resilience to price volatility; and (iii) foster the integration and competitiveness of the European food supply chain across EU member states.

The Commission communication is a follow-up to the December 2008 report on food prices in Europe, which sets out five key guidelines (roadmap) dealing with competitiveness, competition and consumer protection, integration/internal market, monitoring of food prices and speculation.

The market monitoring exercise revealed that, while on several dimensions of the supply chain performs well, important challenges remain ahead with a view to its improvement.

In the second half of 2007, agricultural commodity price increases accelerated and had reached exceptional levels by early 2008. The European Council of June 2008 asked the Commission to report back on these issues by December 2008. In response, the Commission proposed to better monitor developments in agricultural commodity and food prices, to analyse the impact of speculation on agricultural commodity prices and to investigate the functioning of the food supply chain.

The food supply chain connects three important sectors of the European economy: agriculture, the food processing industry and the distribution sectors. Its performance has direct consequences for citizens since food represents 16% of European households' expenditures and is increasingly important on the path towards recovery from the current economic crisis.