Fruit and vegetables sector since the 2007 reform

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The European Parliament adopted by 598 votes to 53, with 41 abstentions, a resolution on the Commission report on the fruit and vegetables sector since the 2007 reform.

The 2007 reform aimed to **strengthen the fruit and vegetable producer organisations (POs)** by providing a wider range of tools to make it possible, among other measures, to prevent and manage market risks, as well as enhancing and concentrating supply, improving quality and competitiveness, adapting supply to match the market, and providing technical support for environment-friendly production.

Parliament stressed the need to support the fruit and vegetable sector throughout the entire territory of the Union, given its importance in terms of added value and employment, and given the health benefits that it presents through healthy and balanced diets. **Union support for POs and for associations of producer organisations (APOs)** is aimed at strengthening the competitiveness of the sector, supporting innovation, increasing productivity, enhancing promotion, improving the bargaining position of farmers and restoring balance in the food supply chain.

Against this background, Parliament made the following recommendations:

Improve the degree of organisation of the sector: Parliament noted that the degree of organisation of the sector, as measured by the share of the total value of F&V production marketed by POs, has steadily increased in recent years in the Union as a whole. The share of the total value of EU fruit and vegetable production marketed by POs and APOs in 2010 being about 43 % (34 % in 2004). However, despite this increase, the degree of organisation among producers **remains low on average**, and considerably below the EU average in certain Member States.

Members considered it essential for the future of the F&V regime to **alleviate significant regional imbalances**. There is a low level of organisation which is not helped by the complexity of PO rules. This has resulted in the suspension and de-recognition of POs in some Member States. The Commission is called upon to **reverse this decline by simplifying the scheme's rules** to make POs more attractive to join.

Parliament asked the Commission, also with the aim of **increasing the system's legal certainty**, to **rationalise the controls** and focus them on monitoring the actual execution of each action or measure that is approved as part of the operational programme as well as the cost allocated to them, clearly establishing what is being controlled and who is responsible for carrying out the control. It considered it vital in this context to clarify the European legislation on the recognition of POs in order to **guarantee the legal security** of the regime and prevent uncertainty among producers. It urged the Commission to clarify the rules for the establishment of transnational (associations of) POs and in particular the rules regarding responsibility and liability, in order to create legal certainty for the national administrations and POs involved.

Increase support to POs: Parliament stressed that it is important to increase the overall level of support to POs and to provide stronger incentives both for the merging of existing POs in APOs and the creation of new ones in both a **national and international context**. It is essential to provide benefits for POs that decide to take young members.

Crisis management instrument: Parliament considered it vital to contemplate putting instruments in place for managing crises, and the successful initiatives launched by certain POs in that respect need to be

clearly identifiable so that they can be replicated elsewhere whenever it is possible. To this end, it called on the Commission to:

- always to use **preference for local products** as the first crisis management measurement in order to promote and protect the single European market and the consumption of Europe's own products;
- **devise a better coordinated mechanism for market withdrawals in crisis situations**, in order to prevent market crises from turning into serious and lengthy disturbances resulting in significant falls in income for F&V farmers;
- review of **crisis management measures** including by: (i) increasing the percentage of Union financial assistance,(ii) adjusting the withdrawal prices, (iii) taking into account the production costs, (iv) increasing the volumes that can be withdrawn, and (v) improving the support, in terms of transportation and packaging, for the free distribution of fruits and vegetables with a view to providing the flexibility to adapt support to the form and severity of each crisis;
- consider making contributions to **mutual funds eligible** as CPM measures in order to provide better protection for farmers in case of market crises which cause substantial drops in income.

Associations of producer organisations (APOs): Parliament considered that associations of producer organisations (AOPs) could play an important role in increasing the bargaining power of farmers. It urged the Commission to reinforce incentives for setting up APOs, at both national and European levels, strengthening their capacity to act from a legal perspective, and provide for the possibility of bringing producers who are not members of POs under their umbrella, in order to envisage a greater role for them in the future.

Improve the management of POs: stressing that the competitiveness of POs depends greatly on their management, the resolution urged the Commission to develop existing actions or set up new ones, including **training measures and initiatives for the exchange of good practices**, which can improve the management of POs and their competitive position in the food supply chain.

POs should be managed by people with marketing skills who are capable of dealing with crisis situations in the agricultural sector.

Unfair trading practices: Parliament called on the Commission to intensify efforts to tackle unfair trading practices (UTPs) in the food supply chain which negatively impact producer returns, depress incomes and threaten the viability and sustainability of the sector. Members considered that unfair trading practices and the pressure exerted on producers, whether or not they are associated, by the large retail chains, are the main obstacle to F&V farmers earning a decent income.

Facilitate access to third-country producers: the Commission is called upon to increase its efforts to support exporters of fruit and vegetables to overcome the increasing number of non-tariff barriers, such as some third-country phytosanitary standards that make export from the EU difficult, if not impossible.