

Strengthening of the position of farmers in the food supply chain

2024/0319(COD) - 10/12/2024 - Legislative proposal

PURPOSE: to strengthen the contractual position of farmers and restore the trust of the actors in the food supply chain.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the agricultural sector, in particular farmers, face a range of challenges. The Covid-19 pandemic and Russia's ongoing war of aggression against Ukraine have led to an unprecedented increase of energy-related agricultural input costs and a prolonged period of high inflation, affecting farmers' costs and food prices. In parallel, farmers continue to undertake efforts to make their production more environmentally sustainable. Many consumers, dealing with an increased cost of living, have also directed their consumption patterns towards less expensive food products. This has further destabilised the distribution of value added along the food supply chain and has increased the degree of uncertainty in which farmers operate, fuelling protests and mistrust. It is thus appropriate to adopt measures to tackle those challenges and restore the trust of the actors in the food supply chain.

CONTENT: this Commission proposal amends Regulation (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, Regulation (EU) 2021/2115 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and Regulation (EU) 2021/2116 on the financing, management and monitoring of the common agricultural policy.

The proposed amendments modify only specific aspects of a limited number of provisions in the existing Regulations. They enhance and further strengthen existing provisions regarding contracts involving farmers and their organisations with other actors in the chain, as well as reinforce the bargaining power of producer organisations and their associations, reduce the administrative burden for their recognition, and establish an inductive framework for voluntary schemes and agreements aimed at improving farmers' remuneration and social sustainability initiatives.

More specifically, the proposed amendments seek to strengthen the position of farmers in the agri-food supply chain by:

- simplifying the rules on recognition of producer organisations;
- reinforcing the rules on contractualization. Each delivery of agricultural products should be covered by a **written contract**. These written contracts should include certain elements ensuring transparency and predictability in the calculation of the final price. Contracts with a duration of more than six months should include a **revision clause** to allow farmers, producer organisations or associations of producer organisations to request a revision of the contract;
- establishing a **mediation mechanism** and make it available to parties that wish to use it;

- setting out rules on the use of cross-sectoral optional terms for “fair”, “equitable” and equivalent terms, as well as for “short supply chains”;
- introducing the possibility to grant Union financial support to Member States for measures undertaken by operators in periods of severe market imbalances;
- improving the degree of organisation of the farming sector in Member States by supporting producer organisations implementing operational programmes and improving the take-up of sectoral interventions in the other sectors.