Basic information

2014/2147(INI) INI - Own-initiative procedure	Procedure completed
Fruit and vegetables sector since the 2007 reform **Subject** 3.10.06.01 Fruit, citrus fruits 3.10.06.02 Vegetables	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
AGRI Agriculture and Rural Development	MELO Nuno (PPE)	06/10/2014
	Shadow rapporteur CAPUTO Nicola (S&D) MCINTYRE Anthea (ECR) HUITEMA Jan (ALDE) VIEGAS Miguel (GUE/NGL) SEBASTIA TALAVERA Jordi Vicent (Verts/ALE) ZULLO Marco (EFDD)	

Committee for opinion	Rapporteur for opinion	Appointed
DEVE Development	The committee decided not to give an opinion.	
BUDG Budgets	The committee decided not to give an opinion.	
CONT Budgetary Control	PITERA Julia (PPE)	02/12/2014
REGI Regional Development	The committee decided not to give an opinion.	

European Commission

Commission DG	Commissioner
Agriculture and Rural Development	HOGAN Phil

Key events

Date	Event	Reference	Summary
04/03/2014	Non-legislative basic document published	COM(2014)0112	Summary
24/11/2014	Committee referral announced in Parliament		
05/05/2015	Vote in committee		
19/05/2015	Committee report tabled for plenary	A8-0170/2015	Summary
06/07/2015	Debate in Parliament		
07/07/2015	Decision by Parliament	T8-0251/2015	Summary
07/07/2015	Results of vote in Parliament		
07/07/2015	End of procedure in Parliament		

Technical information

Procedure reference	2014/2147(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/8/01721

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE546.720	29/01/2015	
Amendments tabled in committee		PE549.240	05/03/2015	
Committee opinion	CONT	PE544.264	11/03/2015	
Committee report tabled for plenary, single reading		A8-0170/2015	19/05/2015	Summary
Text adopted by Parliament, single reading		T8-0251/2015	07/07/2015	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2014)0112	04/03/2014	Summary

Commission response to text adopted in plenary	SP(2015)575	01/12/2015	

Fruit and vegetables sector since the 2007 reform

2014/2147(INI) - 04/03/2014 - Non-legislative basic document

PURPOSE: presentation of the Commission report on the fruit and vegetables scheme since the 2007 reform.

BACKGROUND: producer organisations (POs) became the cornerstone of the EU regime for the fruit and vegetables (F&V) sector in the 1996 reform. The 2007 reform aimed to strengthen the producer organisations (POs) further. A wider range of tools was made available to enable them to prevent and manage market crises.

For the first time, Member States had to establish a **national strategy for sustainable operational programmes**, integrating a specific environmental framework.

23 Member States established national strategies for sustainable operational programmes (NSs), which include a national framework for environmental actions (NEF). All NEFs have taken on board amendments required by the Commission.

In 2003-2010 there was a **gradual, slight decline** in the total EU area cropped with F&V (-6%) and a **sharper fall in the number of holdings** with F&V crops (-39.1%).

In 2004-2010, there was also a **small fall** in the volume of F&V production in the EU (a -3% decrease in average F&V production in 2008-2010 as compared to 2004-2006).

Market crises emerged in 2009 (e.g. peaches and nectarines, tomatoes) and in 2011 (E. coli crisis followed by a new market crisis for peaches and nectarines). In addition, in several Member States, the 2008 financial and economic crisis may have affected domestic F&V consumption (resulting in lower demand).

CONTENT: in accordance with Council Regulation (EC) No 1234/2007, the Council presented a report on the implementation of the provisions concerning producer organisations, operational funds and operational programmes in the fruit and vegetables sector since the 2007 reform.

The report is based primarily on information Member States provided on the implementation of the EU fruit and vegetables scheme on their territory and, in particular, on information in the annual reports and evaluation reports sent to the Commission. These are mainly based on data for 2008-2010.

In 2008-2010, at EU level, there were positive trends regarding the organisation rate of the F&V sector, the share of total F&V producers who are members of POs and the number of POs members of APOs.

The annual reports and the 2012 evaluation reports also offer a more contrasting picture:

Low number of producer organisations: in 2010, there were 1599 recognised POs in 23 Member States. In 2010, the organisation rate was about 43.0 % (43.9% if producer groups are also included). The share of total F&V producers that are member of POs has continued to increase (from 10.4 % in 2004 to 16.5 % in 2010).

A crucial issue is the persistently low degree or lack of organisation in some Member States. This needs careful analysis with a view to identifying, where appropriate, **additional measures** to encourage not only: (i) a further rise in the degree of organisation of producers in the whole EU but also; (ii) a decrease of the imbalance of F&V producers' organisation within the EU.

A low degree or lack of organisation also means that **most F&V producers do not belong to a PO**, so they do not directly benefit from specific EU aid for the sector. This proportion is highest in some southern Member States and some MSs that joined the EU in 2004 and later. Those producers, frequently the smallest, cannot even benefit from the services that POs could provide, have very weak bargaining power within the supply chain and are more exposed to the risks linked to market globalisation and climate change.

Increasing the rate of organisation of the F&V sector remains crucial especially in Member States where the organisation is still very low. In this respect, there is also the need to explore measures to stimulate forms of cooperation to help PO's and non-organised producers to better deal with those challenges.

Contribute more to key objectives: operational programmes could contribute more to key objectives such as improving attractiveness of POs, boosting products' commercial value, optimising production costs, and stabilising producer prices.

Crisis prevention and management instruments: between 2008-2010, the annual expenditure for operational programmes (EUR 1 252.1m on average) mainly concerned actions to improve marketing (24.0 % of the total) and environmental actions (23.8%), followed by actions to plan production (22.2 %) and to improve or maintain product quality (20.3%).

The use of crisis prevention and management instruments was very low (EUR 35.6m; 2.8% of total average annual expenditure). These instruments should be improved.

Weaknesses in the setting-up of national strategies: the reports have identified two important weaknesses in the national strategies of some Member States: (i) too wide a range of objectives was adopted, instead of focus on a few priorities; (ii) precise pre-defined targets were lacking for the different objectives set.

In most Member States, expenditure for 'strategic' measures, such as **research and experimental production**, remains negligible. Therefore, it could be relevant to reinforce the application of the resources available on certain priority measures, which have a stronger impact on competitiveness, income stability and market demand.

Complexity of rules and lack of legal certainty: these elements have also been indicated as weaknesses of the current regime. Simplification and securing the legal framework need to be a priority in a future revision, also for reducing the red tape for farmers and managing authorities.

Introduction of new measures for the sector: these might require the reallocation of some financial resources without increasing the overall amounts available for the sector in order to ensure the budget neutrality within market measures in pillar 1.

To address the above-mentioned shortcomings, the **current EU F&V regime needs to be reviewed** to ensure that support for producer organisations is better focused so that it can achieve the overall objectives set for the 2007 reform and CAP 2020 in all Member States.

The Commission could build upon the results of this report and the upcoming debate to present at a later stage **legislative proposals** to revise the Union aid scheme for the fruit and vegetables sector.

Fruit and vegetables sector since the 2007 reform

2014/2147(INI) - 19/05/2015 - Committee report tabled for plenary, single reading

The Committee on Agriculture and Rural Development adopted an own-initiative report by Nuno MELO (EPP, PT) 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.

Improve the degree of organisation of the sector: Members 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, but that this increase can be attributed to only some of the Member State. 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.

Members 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. They 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. They 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: the report 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: Members 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, they 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;
- 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): Members considered that associations of producer organisations (AOPs) could play an important role in increasing the bargaining power of farmers. They 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 report 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: the report 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.

Fruit and vegetables sector since the 2007 reform

2014/2147(INI) - 07/07/2015 - Text adopted by Parliament, single reading

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.

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- 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.

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