



WHITE BOOK

For a competitive and organised
production
of fruit and vegetables
in the European Union

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For a competitive and structured European production of fruit and vegetables able to thoroughly guarantee food safety, the protection of the environment and the health of the consumers

Preamble

The representatives of the regions producing fruit and vegetables present at Almeria Forum on 6th April 2011, unanimously declared themselves in favour of strong and voluntarist European policy. This policy has to allow the fruit and vegetables productions to carry on their effort to organize, to adapt to the markets through quality and services, and to meet the expectations of the society as far as food safety, health and environment are concerned.

The current Common Market Organization must be improved and strengthened. It is based on the organization of the producers which allows, by means of a marketing concentration, to obtain greater added value. It should favour the development of an organized production in Europe.

Besides, a revision of the community regulations concerning competition must be undertaken, with a particular attention to the peripheral regions of the Mediterranean, the most fragile and most exposed, as they produce the most vulnerable crops.

The Almeria Forum followed the Cesena Forum in Italy (1st European Forum of the regions producing fruit and vegetables), on October 6th 2010.

Both Forums aimed at asserting not only to the European Institutions, but also to the civil society, the importance of European policies in support of the fruit and vegetables sector through the Common Market Organization.

The main results of these Forums was the signature of a common document making a stand for the regions producing fruit and vegetables and betting on the importance of the preservation of specific policies based on the organization of the sector under the aegis of the producers' organizations and their associations.

The foundations for the improvements that must be brought to the current CMO were put down (simplification measures, improvement of the crisis management, encouragement of the innovation, etc.) during these forums. The need for further actions, in parallel to the CMO, was equally stressed (transparency of the business relations, reciprocity in the exchanges, promotion of the consumption, protection of the most sensitive productions).

On the 18th November 2010, the European Commission presented a document on the reform of the Common Agricultural Policy, highlighting the need to legitimize the agriculture aids vis-à-vis the civil society and to obtain a more environmentally sustainable CMO.

The European Parliament approved on June 23rd, 2011 the report of deputy Albert Deß for a strong Common Agriculture Policy, which contributes actively to the humanity food supply, to the environmental protection and to the fight against the climatic disorder.

In such a decisive period of elaboration of the legislative proposals of this reform, it was decided to pursue the work accomplished in Cesena in order to strengthen our stand in favour of the preservation of the fruit and vegetables CMO, while deepening the proposals approved in Cesena.

1- Supporting the necessity of specific policies for the sector, within the framework of the Common Agricultural Policy after 2013

Within the framework of the debate on the CAP and of the communication of the Commission of November 2010, the regions producing of fruit and vegetables reaffirm the need for sector-specific policies, and for the preservation of the current tools of the fruit and vegetables CMO.

The policy implemented so far in this sector, since the regulation 2200/1996, strengthened by the 2007 reform, allowed for very positive progress. Although it did not address all the expectations, it allowed to accelerate innovation, encourage a quality policy and promote an environmentally-friendly production.

The preservation of the fruit and vegetables CMO is absolutely essential as a tool for structuring the sector. However, it is also important for the sector to be able to make constructive proposals to answer the orientations of the Commission for the future CAP, in particular on the gathering of direct supports and on the measures of rural development; the latter being the tools chosen by the Commission to reach the EU objectives in terms of innovation, farms' competitiveness and environmental protection.

In this connection, it is necessary to bear in mind that the fruit and vegetables sector represents 16 % of the European agricultural production whereas it receives less than 4 % of the CAP financial aid.

Besides, it is essential for the CAP towards the 2020 horizon , to take into account the role played by the sector in favour of rural employment as well as its very positive contribution to health and the fight against obesity.

2- Developing a policy centred on the grouping and the organization of the production by strengthening producers' organizations and their associations.

In the context of a market more and more open to international competition and in front of a more and more concentrated distribution, .In order to harmonize the balance of power it is crucial to accelerate the concentration of the offer through the producers' organizations and their associations, as it is a problem transversal to all agricultural networks

Maintaining the support of the European Union for restructuring and intensifying the competitiveness of the sector should be one of the priorities of the CAP. . Due to this, **it is essential to take all the necessary initiatives to make the CMO more attractive for the producers grouped in POs and POAs.**

The grouping of the producers' organizations at a regional, interregional, national or transnational level is a prerequisite in the implementation of preventive market management measures or of promotion and advertising actions at a medium or large scale.

Such associations, as far as they altogether or partially substitute the producers' organizations, must be totally or partially able to benefit from operational programmes.

Besides, the role of the inter-professions must be strengthened at the level of the first immission on the market or of the whole sector, so that inter-professional agreements can be reached without violating competition rules.

In addition, it appears necessary to study measures assuring a better distribution of the value along the food chain (ex: multiannual contracts), a better balance of business relations and a better economic stability for the sector.

Finally, we request a strengthening of the coherence between the objectives of fair income for the producers and of the markets stabilization of the of the CAP and the European competition policies in order to better take into account the specificities of this sector.

3- Innovation as a key to action

In order to face increasingly efficient competitors, the European sector can nevertheless take advantage of the quality and the safety of its products. It can thus contribute to the supply of the European and world markets and to the fight against the plagues of malnutrition and the obesity.

An important technical and technological innovation effort is essential to face new challenges and to quickly adapt the offer to the demand and to valorise and improve the competitiveness of the European production.

This innovation effort will mainly have to take into account sanitary security and environmentally-friendly techniques such as the organic production and the integrated production, as well as the transformation and the marketing of products presenting a commercial interest by their innovative character. Innovation will also have to consider productivity requirements and cuts in production costs.

Within the framework of the European Union policies, it is highly important to promote a research and innovation strategy that meets the needs of the sector, as a response to the requirements of the consumers.

4- Improving the planning of the sector through the operational programmes

The operational programmes planned by the fruit and vegetables CMO and implemented by producers' organizations and their associations proved to be relevant tools of development for the fruit networks. They are a real strategic project for the producers in their modernization, adaptation and organization endeavours.

These programmes are an effective means to reach the objectives fixed by the CMO which result in the improvement of the offer, crises prevention and management , environmental protection and cost-cutting controls.

Besides the improvements expected in terms of cutting red tape and increasing financial security, the **introduction of substantial improvements in the mechanisms of crisis prevention and management is requested**. An example of the latter could be the increase of the thresholds for withdrawals and the reassessment of Community compensations so that they can act as a safety net for the producers.

Furthermore, it is necessary to work on the definition and on the implementation of climatic and economic insurances as well as commercial insurances in order to reassure the exporters on a certain number of countries presenting a non-payment risk.

It is also essential to facilitate the access to investment credit through a fund which allows a rates reduction and that gives guarantees to the members of the POs. It would also be advisable **to encourage the producers to invest in equipment allowing a better control of the storage and of market immission**.

In order to improve the responsiveness of the organizations, we suggest endowing producers' Organizations with **a fund of mutualisation fed annually** by the European Union and the producers, and used under pre-crisis or heavy crisis conditions.

Finally, the serious crisis faced by European producers, whose cucumber production has been accused to be at the origin of a disease that can lead to death (Escherichia coli) has highlighted the important role of European and national authorities in the controls, of early warning systems and a marketing objective and reassuring.

5- Improving the transparency of the commercial relations

The world economic crisis is leading to an extension of payment delays: even when they are defined beforehand, they are not respected. The sector needs to be able to know with certainty the selling price. In the commercial transactions with the purchasing centres of the big retailers, the price negotiation is not always transparent and in numerous cases the producer will only know the net price at the end of the campaign.

It is thus necessary to define rules for the management of commercial transactions (agreements based on the net price, the respect of payment deadlines, etc.) by establishing codes of good commercial practices and standard contracts. This lack of transparency both with the distribution and with the processing industry is often strengthened by the requirements of arbitrary quality and phytosanitary protocols.

It is also advisable to strengthen the European legislation for the inter-professional organizations by granting them wider competences.

Knowing the productions, their market immission, the stocks and the prices noted at every stage of the marketing process **are one of the keys to the improvement of the relations within the retail chain.**

The quality and the reliability of this information rely on a precise definition of the products, recognized by all the actors of the network through the quality standards, which we urge to maintain.

The harmonization of the LMR that has already been achieved, and the agreement on phytosanitary products at the European scale is also essential to the transparency and to the regularity of the transactions.

6- Strengthening and coordinating the efforts for the sector's promotion sector: a shared network.

The means dedicated to the promotion of the consumption and to the improvement of the image and the attractiveness of the productions are insufficient and would deserve better coordination.

Our worry is that, in spite of its exceptional interest, the School Fruit Programme could remain a relevant project for producing countries without being sufficiently developed, by importer countries.

It is necessary for the sustainability of the sector not only to widen the segment of consumption, particularly among young people, but also to strengthen the health image of the productions of fruit and vegetables by establishing an information network and by the promotion at the European level.

The School Fruit programme represents an excellent base for the creation of a European agency for the promotion of fruit and vegetables.

7- Understanding and preventing crises: an observatory of the European market.

In order to face the commercial difficulties met over the last years by several productions requests an increasingly finer knowledge and understanding of market mechanisms and of the imports. The concentration of the demand and the fragmentation of the European offer are factors that complicate the analysis and the possibilities of action.

In this connection, we renew our call for the **creation of an observatory of the European market.** This initiative was launched by the AREFLH in order to allow for a real time analysis of the evolution of the productions and the markets, the orientation of commercial strategic choices and the implementation of market management measures during hard times. This observatory will also be an excellent information support for the development of new instruments such as production insurances and a



guaranteed minimum income, the approval of collective agreements thanks to the producers' organizations, their associations and the inter-professions in order to prevent unstable market situations (extension of rules to all the actors of the sector).

The mechanisms of crisis management proposed under point 4, which are flexible and effective, would allow a better protection of European farms.

Such tools could be managed, by proxy, by producers' organizations within the framework of their associations.

Besides, it is important to recall that in times of crisis, it is all the more necessary to secure extra-European exports by means of a commercial insurance.

Also, it is necessary to develop and to harmonize, on the European scale, rules to encourage and promote environmentally-friendly productions (such as integrated production) and to set up plans for the restructuring and the conversion of the sector, financially supported by the EU, within the framework of producers' organizations.

8- Creating tools to defend European productions

Following China, the European Union is the biggest reservoir of consumption in the world. This explains why over the last years imports has exceeded exports in Europe.

The negotiation of free trade areas, in particular with countries of the euro-Mediterranean zone, Chile, and the Mercosur, raises the concerns of European producers, in particular those of the peripheral regions of the Mediterranean Basin, which are the most exposed and which produce the most vulnerable productions.

Our experience showed that an uncontrolled opening of the imports can trigger a very important price fall.

For several productions, the regulations in the European Union and in the neighbouring and competing countries appear to have considerable differences concerning phytosanitary products (for example, for the production of apples, the use of the carbaryl for the thinning of the apple tree is allowed in many countries but not in the EU, or the use of wax, in particular in Chile) and of the use of water (for example, in the case of tomatoes, absence of or non-compliance with the regulations on the limitation of the use of water).

The fast development of water-intensive and of input-intensive productions is at present, a major environmental threat in some countries of the Union.

It is essential to define and to defend a list of sensitive products so that European farmers can be paid a satisfactory market price thanks to defence mechanisms that can be used even over short periods, such as minimum prices and quotas which could be guaranteed by national and European authorities.

It is however advisable to carry out the follow-up of the fruit and vegetables productions that are not considered as sensitive, but could become so in the future.

European producers are subject to restrictive and binding regulations. These regulations are not frequently requested to third countries producers which can, for instance, use active materials that are forbidden in Europe.

As a consequence, it is essential to **require reciprocity** in international negotiations both in term of contents and calendar.

Besides, it is advisable to put in place, mechanisms which guarantee the effectiveness and the respect of such agreements, at the community level.



Before any ratification, it is necessary to carry-out impact assessments and to implement financial complements and compensatory measures for the sectors which undergo a direct damage because of these agreements.

9- Favouring European exports thanks to more reciprocity in trade conditions and more offensive policies

Favouring **administrative, tariff and phytosanitary reciprocity**, within the framework of trade between the European Union and third countries is crucial to develop European exports. .

The current policy is too often limited by tariff and phytosanitary barriers used by numerous countries of the world as the pretext to protect their territory.

It is a strategically important for the European Commission to consider this problem and to treat its administrative, commercial and phytosanitary aspects just as it does for the imports.

At the moment, the defence of the European agricultural model encouraged and supported by the Commission can only continue if the products imported by the European Union are subject to the respect of the same constraints to which are subject the European fruit and vegetables.

Otherwise, this would translate in a clear disadvantage leading to assured sure decline of the European farms .

Setting up a governance tool for phytosanitary emergencies. The European Union is open to the import of products and plant materials from third countries. Therefore, it is necessary to have a coordinated and shared management and prevention system in order to reduce the risk of introduction of new parasites and diseases, through a structure that allows for the controls coordination at the European level. This should be accompanied by the implementation of concrete measures by a compensations fund. .

10- Stimulating generational renewal and training: essential conditions to assure the future of the sector.

One of the problems suffered by European farming is an insufficient **generational renewal**. The ageing of the farmers is even more serious in the fruit and vegetables sector, which is particularly exposed to market fluctuations and to income uncertainty.

In the context of the new CAP, it is advisable to strengthen the support to new producers, by making the sector more attractive. The attractiveness of this activity for the young generations includes the capacity of the sector to generate a sufficient income. It could also be increase by the development of a system of training offering the necessary tools to start up an activity in the fruit and vegetables sector and preserve it..

It is thus necessary to act so that the rebalancing of direct supports wanted by the European Commission benefits to the fruit and vegetables sector. As a matter of fact, the contribution of the sector in terms of public health and employment is important. To reach this objective, propositions can be made concerning the various levels of support proposed by the Commission:

It seems convenient to propose a system allowing to support the sector through a mechanism including:

- a) measures of financial support for farms in the form of direct payments, which would assure greater equity with the other sectors and protect the sector from massive production transfers (first pillar)
- b) The second pillar could meet the fixed objectives concerning settlement and employment, farms modernization and adaptation as well as fight against climate change and innovation.
- c) Finally, the measures of the CMO could help to maintain a structured sector, thanks to measures of planning, follow-up, prevention and crisis management, quality or promotion.

11- Recognition of the strategic role of women in the rural environment.

The strategic role of women must be taken into account in the programmes of rural development, and gender equality must be promoted at every level, from the local to the European

12- Intervention on raw materials derived markets

The intervention of financial actors in the food-processing market, with purely speculative aims, is at the bases of the a price increase and the global instability of the market.

Therefore, it appears necessary for the European Union to intervene in the regulation of raw materials derived markets with the aim of establishing rules framing these operations to reduce instability.