



EUROPEAN COMMISSION
COMPETITION DG

Markets and cases IV: Basic Industries, Manufacturing and Agriculture
The Director

Brussels,
COMP.E. [REDACTED]

**NOTE FOR THE ATTENTION OF
MRS. ANNE BUCHER - DG SANTE**

RE: REPLY FROM DG COMP TO THE ISC LAUNCHED BY DG SANTE - ISC/2020/01398

Note signed by: **MR. PAUL CSISZAR, DIRECTOR OF DIRECTORATE E**

Dated:

Reference: **ISC/2020/01398**

deadline for reply: 13.03.2020

Title: Farm to Fork Strategy

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- ☐ Agreement
- ☒ Favourable opinion subject to account being taken of the following comments
- ☐ Negative opinion (see attached comments)

Contact:

[REDACTED] [REDACTED]
[REDACTED] [REDACTED]

Comments:

DG COMP welcomes the draft Farm to Fork strategy as it tries to enhance the sustainability of food production through a comprehensive set of measures that concern all actors involved, in particular producers and consumers. DG COMP is looking forward to helping the implementation of the Farm to Fork strategy through providing guidance under competition rules to collective initiatives that enhance sustainability. DG COMP would like to make the following requests and suggestions on the draft text:

1. **DG COMP requests amending the paragraph concerning the application of competition rules**, i.e. the last paragraph of Section 2.1. („Ensuring sustainable food production”) on page 6 of the Draft Communication. The paragraph should read (in tracked changes): “Finally, to support primary producers in the transition, the Commission will clarify the competition rules regarding collective

initiatives promoting sustainability in supply chains. It will also help farmers and fishers strengthen their position in the supply chain and to capture a fair share of the added value of sustainable production by encouraging the use of the possibilities for farmer cooperation within the Common Market Organisation for agricultural products and Common organisation of the markets in fishery and aquaculture products. The Commission will also by closely monitoring the implementation of the new Unfair Trading Practices Directive by Member States to improve the sustainability of farmers and fishers when exposed to such practices imposed by stronger buyers. ~~It will work with co-legislators to further improve agricultural rules that strengthen the position of farmers, their cooperatives, collectives and producer organisations in the food supply chain, such as for producers of geographical indications."~~

There are several reasons for these changes. First, general competition rules can provide legal coverage to sustainability initiatives on agricultural products. Also, collective sustainability initiatives do not concern necessarily only agricultural products but can also concern processed food products (whereas agricultural-specific (CAP-based) competition rules apply only to agricultural products). Secondly, it seems important to emphasize and distinguish the respective roles that farmer cooperation and the Unfair Trading Practices Directive play for enhancing farmers' position in the agricultural and food supply chain. In addition, the third sentence should be deleted as it changes without any analysis the current Commission position in the ongoing CAP reform and supports draft amendments from the COMAGRI before the forthcoming EP Plenary vote on these amendments. Also, the third sentence concerns an issue (collective management of supply) that does not seem directly related to sustainability.

2. DG COMP is concerned that the proposal to impose origin labelling for milk and meat used as ingredient is not advancing the sustainability of food supply and may be rather segmenting the EU internal market to the benefit of protectionist movements that have called for such labelling since 2015. DG COMP would like to refer here to its negative opinions in a series of inter-service consultations on the matter in the last few years.

DG COMP would like to recall the need to demonstrate a link between the origin of the product and certain qualities of the food. Only in such circumstances should the Commission consider extending the mandatory origin indication.

DG COMP would also like to read an explanation on why labelling the origin of these food products *per Member State* would improve the sustainability of food supply. Concretely the argument seems to be about transport cost (as it is argued around "local supply chains") but the labelling proposal is about the identification of member states, not local areas. Products from Belgium may be much closer to French consumers in the north of France than products from the south of France. Equally, products from eastern France may be much closer to German consumers than products from the north of Germany. It is also not always obvious that a locally produced product (e.g. a fruit) would be more environmentally friendly than a product produced in an environment that is more naturally suited to its production and then transported to consumers. The proposal requires evidence of the contribution of labelling national origins to sustainability.

DG COMP also does not understand the argument that local supply chains are good for farmers. This may be good for some farmers and not for others who are further away but may have a product that is more sustainable. Based on the evidence available at this stage, mandatory country of origin

indication for such food products or ingredients could lead to a renationalisation of the Internal Market.

As a result, **DG COMP opposes the labelling proposal and requests amending** the 4th paragraph of Section 2.3. (Promoting sustainable food consumption, facilitating the shift towards healthy, sustainable diets) on page 8 of the Draft Communication as follows: “...extend mandatory origin indication to other products where the origin/provenance has a proven link with certain qualities of the food, enabling consumers to identify such food.”

3. In addition, DG COMP would like to make the following comments and suggestions for clarification on the below points:

- The actions regarding consumer demand (section 2.3) seem to be largely focused on providing more information about the production and content of food. As explained earlier in the process, DG COMP’s experience is that improved sustainability may entail increased costs but consumers are not necessarily accepting it (e.g. organic milk in the last years). It seems necessary to **acknowledge that consumers need in certain circumstances to accept an increase in the prices of some products if they are sincerely interested in improving the sustainability of production** (and not leave the bill to future generations);
- Section 1, paragraph 10, page 3 of the Draft Communication includes a reference to sustainable livelihood for primary producers. DG COMP would like to request further clarification of the concept of “sustainable livelihood” as the current phrasing is unclear;
- Section 2.2., paragraph 7, page 7 of the Draft Communication includes a reference to the EU Code of Conduct for responsible business and marketing practice and the commitments that companies may have to undertake. DG COMP suggests introducing a clarification that any commitments undertaken by companies must not affect their independence in setting prices of the products they are selling;
- Section 3.2., paragraph 1, page 10 of the Draft Communication: the reference to the Farm Sustainability Data Network. DG COMP suggests adding information on the type of data that the Data Network would contain and the actors to whom such information would be available.

(e-signed)
Paul Csiszar
Director of Directorate E

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