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#### NOTE

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From:	General Secretariat of the Council
To:	Council

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Subject:	Fair income for farmers: A new alliance for food security in Europe - <i>Information from the Austrian and German delegations on behalf of Austria, Belgium, Bulgaria, Cyprus, Finland, Germany, Greece, Hungary, Italy, Malta, Portugal, Romania, Slovenia and Spain</i>
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Delegations will find in the Annex a note from the Austrian and German delegations on behalf of Austria, Belgium, Bulgaria, Cyprus, Finland, Germany, Greece, Hungary, Italy, Malta, Portugal, Romania, Slovenia and Spain on the above-mentioned subject, to be dealt with under "Any other business" at the Council (Agriculture and Fisheries) on 21 February 2022.

**Fair income for farmers:****A new alliance for food security in Europe**

**Note by the Austrian and German delegations on behalf of Austria, Belgium, Bulgaria, Cyprus, Finland, Germany, Greece, Hungary, Italy, Malta, Portugal, Romania, Slovenia and Spain**

Persistently low income of European farmers for their produce poses a serious threat to the viability of many agricultural holdings. Furthermore, European farmers are confronted with a series of additional challenges such as ever new and stricter requirements for agricultural production as well as competitive disadvantages compared to producers in third countries. However, particularly the significant price increase of inputs, including energy, fertilizers and animal feed in recent months puts a heavy burden on farmers. Ultimately, this combination of various factors substantially threatens the economic existence of European farmers and productive agriculture as a whole. At the same time, consumers face a significant increase in retail prices, from which, however, producers benefit only marginally or not at all.

The fact that an increasing number of farmers in Europe cannot cover their production costs due to low producer prices illustrates the seriousness of the situation we are facing. In this context, the CAP in particular should continue to play a central role, which, by virtue of the Union's treaties alone, must strike a balance between the objectives of assuring food security, adequate producer incomes and fair prices for consumers within the European Union. Therefore, all existing available measures and instruments shall be utilised to this end.

As a first key step we must strengthen the position of farmers in the food value chain. In order to do so, the implementation of the UTP-Directive (Unfair Trading Practices) in all Member States is of great importance. This will to a certain extent help to reduce asymmetries along the value chain. However, the next few years will show whether this instrument can actually unfold its full potential. One instrument for example, that has been known for a long time and that is important in terms of supply concentration is the association of producers into producer organisations. Such producer organisations can strengthen their negotiating power vis-à-vis their buyers.

A second way to increase the value added is the raising of awareness and appreciation for public services provided by farmers. Many services, such as the preservation or enhancement of biodiversity, the contribution of agriculture to environmental, soil and climate protection, and the improvement of animal welfare have not been adequately reflected by the market thus far. An appropriate valuation of the services provided to society as well as an increased orientation towards sustainable agricultural practices, such as organic farming, must also be brought to the attention of consumers. The new article 210a CMO in compliance with the limits of the antitrust exception has the potential to enable sustainability initiatives combining the environmental and economic dimension of sustainability.

A third aspect that equally contributes to ensuring food security is the strengthening of regional supply chains and short transport routes, as already outlined in the Farm to Fork Strategy. The transparency about the origin of agricultural raw materials and foodstuffs as well as buying especially fresh local foodstuffs are becoming ever more important factors for consumers. They also increasingly serve as the basis for their purchase decisions. In particular, lower transport-related emissions of regionally produced foods are increasingly being considered. In future, the EU State aid rules should reflect the significance of regional supply chains. The current revisions of these rules provide a good opportunity.

In this context, the fourth related aspect is the consumers' desire for detailed information about the origin of the food offered in supermarkets. The explicit wish to be informed about the origin of the raw materials themselves has increased significantly and not only about the place of processing. In recent years, numerous initiatives of Member States and private organisations have taken up this development and shown that the market reacts well to consistent labelling of origin and the associated disclosure of production and supply chains.

Particularly with regard to EU-wide labelling of origin, intensified measures and a legal framework at European level are urgently required. Therefore, we call on the Commission to not only continuously evaluate and improve the existing instruments, but above all to swiftly submit a legislative proposal for a mandatory EU-wide labelling of origin taking into account the changed consumer requirements but foremost creating an environment in which farmers can again make a fair living out of their daily work.