

## Assessment of crucial articles in the CMO

Regarding the text adopted by the European Parliament on 23 October 2020  
P9\_TA(2020)0289 regarding Procedure 2018/0218(COD)

The following pages show the recitals and articles that should be integrated into the CMO. Although all of the articles displayed are important, we would like to draw particular attention to **Article 218b on page 22 and Article 219a, page 23 as well as Article 219b, page 24 – as they are essential for the crisis resilience of the future agricultural sector.**

### Important recitals and articles

- Recital 2: *Should be integrated into the final CMO, as it underlines the importance of a sustainable income for farmers as a primary goal*

Nr.	Summary	EP version
<b>Recital 2</b>	This recital refers to the division of tasks between the Union and Member States and also recalls one of the main objectives of the Common Agricultural Policy: sustainable incomes for farmers.	(2) Since the CAP needs to sharpen its responses to the challenges and opportunities as they manifest themselves at Union, international, national, regional, local and farm levels, it is necessary to streamline the governance of the CAP and improve its delivery on the Union objectives and to significantly decrease the administrative burden. In the CAP based on delivery of performance ('delivery model'), and bearing in mind as a primary focus the objective of providing a sustainable income for producers, the Union should set the basic policy parameters, such as objectives of the CAP and basic requirements, while Member States bear greater responsibility as to how they meet the objectives and achieve targets. Enhanced subsidiarity makes it possible to better take into account local conditions and needs, tailoring the support to maximise the contribution to Union objectives.

- Recital 27a: *Should be integrated as it allows greater stability and economic sustainability via better-informed decisions in order to prevent or attenuate market crises.*

Nr.	Summary	EP version
<b>Recital 27a</b>	This recital recommends to set up a European observatory for agricultural product markets.	<b><i>(27a) In order to achieve the objective of contributing to the stability of agricultural markets, the instruments providing for the transparency of agricultural markets should be strengthened. As the experience of the various European sectoral observatories for agricultural markets has proved positive in informing the choices of economic operators and public authorities as a whole as well as in facilitating the observation and recording of market developments, a European observatory for agricultural product markets should be set up and a notification system for reporting the information needed for the observatory's work should be put in place.</i></b>

- Recital 27b: *Should be integrated as such an early warning mechanism would be a first step to better anticipate, prepare and manage market crises effectively.*

Nr.	Summary	EP version
<b>Recital 27b</b>	This recital recommends to set up an early warning mechanism. It has to be read in combination with art. 218b.	<b><i>(27b) In order to inform the choices of Union bodies and institutions and to enhance the effectiveness of measures to prevent and manage market disturbances, provision should be made for an early warning mechanism whereby the European Observatory for Agricultural Markets would notify the European Parliament, the Council and the Commission of threats of market disturbances and, where appropriate, make recommendations on the measures to be adopted. The Commission, the only body with the power of initiative in this area, would have 30 days to present to the European Parliament and the Council the appropriate measures to deal with those market disruptions or to justify their absence.</i></b>

- Recital 127a: *Should be integrated as it underlines the necessity to cover the production cost. However, it can only be seen as a first step. As it is left to Member States if they make written contracts mandatory, EU milk producers fear that the positive impact might be very small. Ideally, the price should cover the full production cost, including a fair income for farmers at EU level.*

Nr.	Summary	EP version
<b>Recital 127a</b>	This recital describes the elements written contracts in the milk sector should contain, among others a price covering production cost.	<b><i>“(127a) Written contracts in the milk and milk products sector which may be compulsory in some Member States or which producers, producer organisations or association of producer organisations have in any case the right to request, should among other elements set out the price payable for the delivery, which would ideally cover the production cost and which may be calculated based upon easily accessible and comprehensible indicators of production and market costs that Member States may determine in accordance with objective criteria and based on studies about production and the food chain.”</i></b>

- Recital 139a: *Should be integrated as it underlines the importance of a cost-covering price paid to farmers.*

Nr.	Summary	EP version
<b>Recital 139a</b>	This recital sets out elements written contracts have to contain, among them a price based on production cost.	<b><i>“(139a) Written contracts which may be compulsory in some Member States or which producers, producer organisations or association of producer organisations have in any case the right to request, should among other elements set out the price payable for the delivery, which would ideally cover the production cost and which may be calculated based upon easily accessible and comprehensible indicators of production and market costs that Member States may determine in accordance with objective criteria and based on studies about production and the food chain.”</i></b>

- Art. 1: *Should integrate the EP's amendment as it underlines one of the crucial roles of the CMO: providing a toolbox for transparency and crises prevention, reaction, attenuation and management. Severe market crises are nothing new to the agricultural sector, especially not to dairy farmers. The CMO needs to acknowledge this to be able to provide the appropriate tools.*

Nr.	Summary	EP version
Art. 1	This article gives an overview of the aspects and tasks covered by the CMO, amongst them the definition of transparency rules and crisis management tools.	<p>"Article 1</p> <p>Scope</p> <p>1. This Regulation establishes a common organisation of the markets for agricultural products, which means all the products listed in Annex I to the Treaties with the exception of the fishery and aquaculture products as defined in Union legislative acts on the common organisation of the markets in fishery and aquaculture products. <b><i>This Regulation defines the public standards, market transparency rules and crisis management tools that will allow public authorities, in particular the Commission, to ensure the surveillance, management and regulation of agricultural markets</i></b></p> <p>2. Agricultural products as defined in paragraph 1 shall be divided into the following sectors as listed in the respective parts of Annex I:</p> <p>(a) cereals, Part I;</p> <p>(b) rice, Part II;</p> <p>(c) sugar, <b><i>sugar beet and sugar cane</i></b>, Part III;</p> <p>(d) dried fodder, Part IV;</p> <p>(e) seeds, Part V;</p> <p>(f) hops, Part VI;</p> <p>(g) olive oil and table olives, Part VII;</p> <p>(h) flax and hemp, Part VIII;</p> <p>(i) fruit and vegetables, Part IX;</p> <p>(j) processed fruit and vegetable products, Part X;</p> <p>(k) bananas, Part XI;</p>

		(l) wine, Part XII; (m) live trees and other plants, bulbs, roots and the like, cut flowers and ornamental foliage, Part XIII; (n) tobacco, Part XIV; (o) beef and veal, Part XV; (p) milk and milk products, Part XVI; (q) pigmeat, Part XVII; (r) sheepmeat and goatmeat, Part XVIII; (s) eggs, Part XIX; (t) poultrymeat, Part XX; (u) ethyl alcohol of agricultural origin, Part XXI; (v) apiculture products, Part XXII; (w) silkworms, Part XXIII; (x) other products, Part XXIV. "
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- Art. 1a: *Should be integrated as it underlines the importance of stabilised markets, fair incomes and a strengthened position of producers in the value chain (also a priority of the F2F-strategy).*

Nr.	Summary	EP version
<b>Art. 1a</b>	Article 1a sets out the specific goals the CMO should contribute to, amongst them stabilised markets, fair incomes and a strengthened position of producers.	<p><b><i>"Article 1a</i></b></p> <p><b><i>Specific objectives</i></b></p> <p><b><i>Without prejudice to the application of the general and specific objectives defined in Articles 5 and 6 of Regulation (EU) .../... [CAP Strategic Plans], and pursuant to Article 39 TFEU, the common organisation of the markets in agricultural products referred to in Article 1 shall contribute to the achievement of the following specific objectives:</i></b></p> <p><b><i>(a) participate in the stabilisation of agricultural markets and enhance their transparency;</i></b></p> <p><b><i>(b) promote the proper functioning of the agri-food supply chain and ensure a fair income for agricultural producers;</i></b></p>

		<p><i>(c) improve the position of producers in the value chain and promote the concentration of agricultural supply;</i></p> <p><i>(d) contribute to the improvement of economic conditions for the production and marketing of agricultural products and strengthen the quality of European agricultural production.”</i></p>
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- Art. 16: *Should include the EP’s amendments as they allow to contribute to more transparency about the intervention instrument and therefore for producers, the milk market in general, but also for consumers and tax payers.*

Nr.	Summary	EP version
<b>Art. 16</b>	This article deals with public intervention, amongst others defining the information on intervention that should be provided/published. In this regard the identity of participating companies, relevant volumes and buying and selling prices are mentioned.	<p>"Article 16</p> <p>General principles on disposal from public intervention</p> <p>1. Disposal of products bought in under public intervention shall take place in such a way as to:</p> <p>(a) avoid any disturbance of the market,</p> <p>(b) ensure equal access to goods and equal treatment of purchasers, and</p> <p>(c) be in compliance with the commitments resulting from international agreements concluded in accordance with the TFEU.</p> <p>2. Products bought in under public intervention may be disposed of by making them available for the scheme for food distribution to the most deprived in the Union as set out in the relevant Union legal acts. In such cases, the accounting value of such products shall be at the level of the relevant fixed public intervention price referred to in Article 14(2) of this Regulation.</p> <p><b>2a. Member States shall notify to the Commission of the identity of companies that have used public intervention as well as buyers of public intervention stocks.</b></p> <p>3. Each year the Commission shall publish details of the conditions under which products bought in under public intervention were</p>

		<b><i>bought, if applicable, and sold in the previous year. Those details shall include the identity of the companies, the relevant volumes, and the buying and selling prices."</i></b>
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- Art. 148: *Should be integrated as it points to the necessity for the price laid down in the contracts to take into account production cost. However, as it remains open to Member States if they make contracts obligatory or not, no considerable improvements for the EU dairy farmers are expected.*

Nr.	Summary	EP version
<b>Art. 148</b>	This article lays out the conditions of contractual relations in the dairy sector, which includes, amongst others, the necessity to take into account production costs when calculating the payable price for the delivery.	<p>"Article 148</p> <p>Contractual relations in the milk and milk products sector</p> <p>1. Where a Member State decides that every delivery of raw milk in its territory by a farmer to a processor of raw milk must be covered by a written contract between the parties and/or decides that first purchasers must make a written offer for a contract for the delivery of raw milk by the farmers, such contract and/or such offer for a contract shall fulfil the conditions laid down in paragraph 2.</p> <p>Where a Member State decides that deliveries of raw milk by a farmer to a processor of raw milk must be covered by a written contract between the parties, it shall also decide which stage or stages of the delivery shall be covered by such a contract if the delivery of raw milk is made through one or more collectors.</p> <p>For the purposes of this Article, a "collector" means an undertaking which transports raw milk from a farmer or another collector to a processor of raw milk or another collector, where the ownership of the raw milk is transferred in each case.</p> <p>1a. Where Member States do not make use of the possibilities provided for in paragraph 1 of this Article, a producer, a producer organisation, or an association of producer organisations may require that any delivery in raw milk to a processor of raw milk be the subject of a written contract between the</p>

		<p>parties and/or be the subject of a written offer for a contract from the first purchasers, under the conditions laid down in the first subparagraph of paragraph 4 of this Article.</p> <p>If the first purchaser is a micro, small or medium-sized enterprise within the meaning of Recommendation 2003/361/EC, the contract and/or the contract offer is not compulsory, without prejudice to the possibility for the parties to make use of a standard contract drawn up by an interbranch organisation.</p> <p>2. The contract and/or the offer for a contract referred to in paragraphs 1 and 1a shall:</p> <ul style="list-style-type: none"> <li>(a) be made in advance of the delivery,</li> <li>(b) be made in writing, and</li> <li>(c) include, in particular, the following elements: <ul style="list-style-type: none"> <li>(i) the price payable for the delivery, which shall: <ul style="list-style-type: none"> <li>– be static and be set out in the contract and/or</li> <li>– be calculated by combining various factors set out in the contract, which <b><i>shall</i></b> include <b><i>relevant and easily comprehensible indicators and economic indices and the method of calculation of the final price, based on and referencing relevant production and market costs that are easily accessible and comprehensible reflecting changes in market conditions, the volume delivered and the quality or composition of the raw milk delivered</i></b></li> </ul> </li> </ul> </li> </ul> <p><b><i>To that effect, Member States having decided to apply paragraph 1 may determine indicators, in accordance with objective criteria and based on studies carried out on production and the food chain, in order to determine these at any time,</i></b></p> <ul style="list-style-type: none"> <li>(ii) the volume of raw milk which may /or must be delivered and the timing of such deliveries. <b><i>It shall not be possible to lay down penalty clauses for monthly breaches,</i></b></li> <li>(iii) the duration of the contract, which may</li> </ul>
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		<p>include either a definite or an indefinite duration with termination clauses,</p> <p>(iv) details regarding payment periods and procedures,</p> <p>(v) arrangements for collecting or delivering raw milk, and</p> <p>(vi) rules applicable in the event of force majeure.</p> <p>3. By way of derogation from paragraphs 1 and 1a, a contract and/or an offer for a contract shall not be required where raw milk is delivered by a member of a cooperative to the cooperative of which he is a member if the statutes of that cooperative or the rules and decisions provided for in or derived from these statutes contain provisions having similar effects to the provisions set out in points (a), (b) and (c) of paragraph 2.</p> <p>4. All elements of contracts for the delivery of raw milk concluded by farmers, collectors or processors of raw milk, including the elements referred to in point (c) of paragraph 2, shall be freely negotiated between the parties.</p> <p>Notwithstanding the first subparagraph, one or more of the following shall apply:</p> <p>(a) where a Member State decides to make a written contract for the delivery of raw milk compulsory in accordance with paragraph 1, it may establish:</p> <p>(i) an obligation for the parties to agree on a relationship between a given quantity delivered and the price payable for that delivery;</p> <p>(ii) a minimum duration, applicable only to written contracts between a farmer and the first purchaser of raw milk; such a minimum duration shall be at least six months, and shall not impair the proper functioning of the internal market;</p> <p>(b) where a Member State decides that the first purchaser of raw milk must make a written offer for a contract to the farmer in accordance with paragraph 1, it may provide that the offer must include a minimum duration for the</p>
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		<p>contract, set by national law for this purpose; such a minimum duration shall be at least six months, and shall not impair the proper functioning of the internal market.</p> <p>The second subparagraph shall be without prejudice to the farmer's right to refuse such a minimum duration provided that he does so in writing. In such a case, the parties shall be free to negotiate all elements of the contract, including the elements referred to in point (c) of paragraph 2.</p> <p>5. The Member States which make use of the options referred to in this Article shall notify the Commission of how they are applied.</p> <p>6. The Commission may adopt implementing acts laying down measures necessary for the uniform application of points (a) and (b) of paragraph 2 and paragraph 3 of this Article and measures relating to notifications to be made by the Member States in accordance with this Article. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 229(2)."</p>
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- Art. 149: *The EP's version is to be favoured as it allows for a higher volume pooling at 4.5% of the total Union production for producers' organisations, a first step towards achieving a more equal basis for negotiation with processors. However, today dominant processors own much more than 4.5% of the Union's market shares. Therefore, the EMB regrets, that the proposal to raise the percentage to 7.5% did not pass.*

Nr.	Summary	EP version
<b>Art. 149</b>	This article describes elements of contractual negotiations in the milk sector, among them the maximum volumes at Union and also national level such negotiations by producer organisations are allowed to cover.	<p>"Article 149</p> <p>Contractual negotiations in the milk and milk products sector</p> <p>1. A producer organisation in the milk and milk products sector which is recognised under Article 161(1) may negotiate on behalf of its farmer members, in respect of part or all of their joint production, contracts for the delivery of raw milk by a farmer to a processor of raw milk, or to a collector within the meaning of the</p>

		<p>third subparagraph of Article 148(1).</p> <p>2. The negotiations by the producer organisation may take place:</p> <p>(a) whether or not there is a transfer of ownership of the raw milk by the farmers to the producer organisation;</p> <p>(b) whether or not the price negotiated is the same as regards the joint production of some or all of the farmer members;</p> <p>(c) provided that, for a particular producer organisation, all of the following conditions are fulfilled:</p> <p>(i) the volume of raw milk covered by such negotiations does not exceed <b>4,5 %</b> of total Union production,</p> <p>(ii) the volume of raw milk covered by such negotiations which is produced in any particular Member State does not exceed 33 % of the total national production of that Member State, and</p> <p>(iii) the volume of raw milk covered by such negotiations which is delivered in any particular Member State does not exceed 33 % of the total national production of that Member State;</p> <p>(d) provided that the farmers concerned are not members of any other producer organisation which also negotiates such contracts on their behalf; however, Member States may derogate from this condition in duly justified cases where farmers hold two distinct production units located in different geographic areas;</p> <p>(e) provided that the raw milk is not covered by an obligation to deliver arising from the farmer's membership of a cooperative in accordance with the conditions set out in the cooperative's statutes or the rules and decisions provided for in or derived from these statutes; and</p> <p>(f) provided that the producer organisation notifies the competent authorities of the Member State or Member States in which it operates of the volume of raw milk covered by</p>
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		<p>such negotiations.</p> <p>3. Notwithstanding the conditions set out in of point (c)(ii) and (iii) of paragraph 2, a producer organisation may negotiate pursuant to paragraph 1 provided that, with regard to that producer organisation, the volume of raw milk covered by the negotiations which is produced in or delivered in a Member State having a total annual raw milk production of less than 500 000 tonnes does not exceed 45 % of the total national production of that Member State.</p> <p>4. For the purposes of this Article, references to producer organisations include associations of such producer organisations.</p> <p>5. For the purposes of applying point (c) of paragraph 2 and paragraph 3, the Commission shall publish, by such means as it considers appropriate, the amounts of raw milk production in the Union and the Member States using the most up-to-date information available.</p> <p>6. By way of derogation from point (c) of paragraph 2 and paragraph 3, even where the thresholds set out therein are not exceeded, the competition authority referred to in the second subparagraph of this paragraph may decide in an individual case that a particular negotiation by the producer organisation should either be reopened or should not take place at all if it considers that this is necessary in order to prevent competition from being excluded or in order to avoid seriously damaging SME processors of raw milk in its territory.</p> <p>For negotiations covering more than one Member State, the decision referred to in the first subparagraph shall be taken by the Commission without applying the procedure referred to in Article 229(2) or (3). In other cases, that decision shall be taken by the national competition authority of the Member State to which the negotiations relate.</p> <p>The decisions referred to in this paragraph shall not apply earlier than the date of their</p>
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		notification to the undertakings concerned.
		7. For the purposes of this Article:
		(a) a "national competition authority" means the authority referred to in Article 5 of Council Regulation (EC) No 1/2003 <sup>22</sup>
		(b) a "SME" means a micro, small or medium-sized enterprise within the meaning of Recommendation 2003/361/EC.
		8. The Member States in which negotiations take place in accordance with this Article shall notify the Commission of the application of point (f) of paragraph 2 and of paragraph 6.
		<sup>22</sup> Council Regulation (EC) No 1/2003 of 16 December 2002 on the implementation of the rules on competition laid down in Articles 101 and 102 of the Treaty (OJ L 1, 4.1.2003, p. 1)."

- Art. 151: *should be amended as proposed by the EP as it will help authorities to better understand the developments in the milk market and, more specifically, to know if producers are paid a fair, sustainable income.*

Nr.	Summary	EP version
<b>Art. 151</b>	This article specifies compulsory declarations in the milk sector, among them declarations of first purchasers of raw milk to the competent national authority regarding the average price paid.	<p>"Article 151</p> <p>Compulsory declarations in the milk and milk products sector</p> <p>From 1 April 2015, the first purchasers of raw milk shall declare to the competent national authority the quantity of raw milk that has been delivered to them each month <b>and the average price paid. A distinction shall be made between organic and non-organic agricultural products. If the first purchaser is a cooperative, the average price shall be communicated at the end of the marketing year referred to in point (c)(v) of Article 6.</b></p> <p><b>The information on the average price shall be deemed confidential and the competent authority shall ensure that specific average prices or names of individual economic operators are not published.</b></p> <p>For the purposes of this Article and Article 148,</p>

		<p>a "first purchaser" means an undertaking or group which buys milk from producers in order to:</p> <p>(a) subject it to collecting, packing, storing, chilling or processing, including under a contract;</p> <p>(b) sell it to one or more undertakings treating or processing milk or other milk products.</p> <p>Member States shall notify the Commission of the quantity of raw milk <b>and the average price</b> referred to in the first subparagraph.</p> <p>The Commission may adopt implementing acts laying down rules on the content, format and timing of such declarations and measures relating to the notifications to be made by the Member States in accordance with this Article. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 229(2)."</p>
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- Art. 157: *The EP's changes should be integrated as they include for example the possibility for interbranch organisations to establish rules on value sharing and clauses for fair compensation of extra-legal costs for farmers. However, this would only be a small step since these rules/clauses are not mandatory, so they are not aiming at the EU dairy sector as a whole. Also, they do not guarantee that the value sharing and compensation clauses finally defined in practice will actually be fair.*

Nr.	Summary	EP version
<b>Art. 157</b>	This article provides details on interbranch organisations, who for example can establish rules on value sharing between operators in the supply chain or standard clauses for fair compensation of the costs incurred by farmers for meeting extra-legal requirements with regard to environment, climate, animal health and animal welfare.	<p>"Article 157</p> <p>Interbranch organisations</p> <p>1. Member States may, on request, recognise interbranch organisations in a specific sector listed in Article 1(2) which:</p> <p>(a) are constituted of representatives of economic activities linked to the production and to at least one of the following stages of the supply chain: the processing of or trade in, including distribution of, products in one or more sectors;</p> <p>(b) are formed on the initiative of all or some of the organisations or associations which constitute them;</p>

		<p>(c) pursue a specific aim taking account of the interests of <b><i>all</i></b> their members and of consumers, which may include, in particular, one of the following objectives:</p> <p>(i) improving knowledge and the transparency of production and the market <b><i>through:</i></b></p> <ul style="list-style-type: none"> <li>– publication <b><i>and/or sharing</i></b> of aggregated statistical data on production costs, prices, including, where appropriate, price indices, volumes and duration of contracts which have been previously concluded, <b><i>as well as data on the margins allocated in the different stages of the supply chain;</i></b></li> <li>– providing analyses of potential future market developments at regional, national or international level;</li> </ul> <p>(ii) forecasting of production potential, and recording public market prices;</p> <p>(iii) helping to coordinate better the way the products are placed on the market, in particular by means of research and market studies;</p> <p>(iv) exploring potential export markets;</p> <p>(v) without prejudice to Articles 148 and 168, drawing up standard forms of contract, compatible with Union rules, for the sale of agricultural products to purchasers and/or the supply of processed products to distributors and retailers, taking into account the need to achieve fair competitive conditions and to avoid market distortions. <b><i>Those standard forms of contract may involve two or more undertakings each of which operates at a different level of the production, processing or distribution chain and shall contain relevant and easily comprehensible indicators and economic indices and the method of calculation of the final price, based on and referencing relevant production costs and their development, but also take account of product categories and their different market opportunities, product valuation indicators, the prices of agricultural and food products observed on the markets and variations</i></b></p>
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		<p><b><i>therein, and criteria pertaining to the composition, quality, traceability and content of product specifications;</i></b></p> <p>(vi) exploiting to a fuller extent the potential of the products, including at the level of market outlets, and developing initiatives to strengthen economic competitiveness and innovation;</p> <p>(vii) providing the information and carrying out the research necessary to innovate, rationalise, improve and adjust production and, where applicable, the processing and marketing, towards products more suited to market requirements and consumer tastes and expectations, in particular with regard to product quality, including the specific characteristics of products with a protected designation of origin or a protected geographical indication, and protection of the environment, <b><i>climate action, animal health and animal welfare;</i></b></p> <p>(viii) seeking ways of restricting the use of animal-health or plant protection products, better managing other inputs, ensuring product quality and soil and water conservation, promoting food safety, in particular through traceability of products, and improving animal health and welfare;</p> <p>(ix) developing methods and instruments for improving product quality at all stages of production and, where applicable, of processing and marketing;</p> <p>(x) taking all possible actions to uphold, protect and promote organic farming and designations of origin, quality labels and geographical indications;</p> <p>(xi) promoting and carrying out research into integrated, sustainable production or other environmentally sound production methods;</p> <p>(xii) encouraging healthy and responsible consumption of the products on the internal market and/or informing about the harm linked to hazardous consumption patterns;</p> <p>(xiii) promoting consumption of, and/or furnishing information concerning, products on</p>
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		<p>the internal market and external markets;</p> <p>(xiv) contributing to the management <b>and developing initiatives for the valorisation</b> of by-products and the reduction and management of waste;</p> <p>(xv) establishing <b>rules on the distribution of value between operators in the supply chain, including market bonuses and losses, determining how any evolution of relevant market prices of the products concerned or other commodity markets is to be allocated. These rules may take the form of</b> standard value sharing clauses within the meaning of Article 172a <b>or include or refer to economic indicators such as the relevant production and marketing costs and their evolution, the prices of agricultural and food products recorded on the market(s) concerned and their evolution, and the quantities, the composition, the quality, the traceability or the respect of the products concerned, and shall take into account production costs;</b></p> <p>(xva) <b>establishing standard clauses for fair compensation of the costs incurred by farmers for meeting extra-legal requirements with regard to environment, climate, animal health and animal welfare, including methods to calculate these costs;</b></p> <p>(xvi) <b>promoting and</b> implementing measures to prevent, <b>control and manage</b> animal health, plant-protection and environmental risks, <b>including by setting up and managing of mutual funds or by contributing to such funds with a view to paying financial compensation to farmers for the costs and economic losses arising from the promotion and implementation of such measures;</b></p> <p>(xvia) <b>contributing to the transparency of trade relations between the various stages in the chain, in particular through the design, implementation and compliance control of technical standards by members of the sector.</b></p> <p>1a. Member States may, on request, decide to grant more than one recognition to an interbranch organisation operating in several</p>
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		<p>sectors referred to in Article 1(2) provided the interbranch organisation fulfils the conditions referred to in paragraph 1 and, where applicable, paragraph 3 for each sector for which it seeks recognition.</p> <p>2. In duly justified cases, Member States may decide on the basis of objective and non-discriminatory criteria that the condition in point (c) of Article 158(1) is fulfilled by limiting the number of interbranch organisations on a regional or national level if so provided for by national rules in place before 1 January 2014, and where this does not impair the proper functioning of the internal market.”</p>
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- Art. 172a: *Should be integrated as it addresses value sharing and underlines the importance of taking into account farmers’ production cost. However, fair and stable conditions will only be possible if value sharing becomes mandatory and if production cost are calculated in a way that they allow for a price covering the full production cost.*

Nr.	Summary	EP version
<b>Art. 172a</b>	This article provides details on value-sharing clauses, amongst others the taking into account of production cost.	<p><b><i>"Article 172a</i></b></p> <p><b><i>Value sharing for interbranch organisations</i></b></p> <p><b><i>Without prejudice to any specific value-sharing clauses in the sugar sector, farmers, including associations of farmers and their first purchaser as well as one or more undertakings, each of which operates at a different level of the production, processing, or distribution chain, may agree on value sharing clauses, including market bonuses and losses, determining how any evolution of relevant market prices for the products concerned or other commodity markets is to be allocated between them taking into account production costs."</i></b></p>

- Art. 182: *All three EP amendments need to be integrated, as they allow to avoid harmful import effects, to prevent undermining high EU standards (as also foreseen in the Green Deal), and to integrate production cost and to consider their fluctuations in the calculation of the trigger price.*

Nr.	Summary	EP version
<b>Art. 182, par. 1, subpar. 1, point b a</b>	Article 182 sets out additional import duties.	<b><i>“(ba) the volume of imports in a given year at preferential rates agreed upon between the Union and third countries in the scope of free-trade agreements exceeds a certain level (‘market exposure volume’).”</i></b>
<b>Art. 182, par. 1, subpar. 1, point b b</b>	This point adds non-compliance with plant and animal welfare protection.	<b><i>“(bb) non-compliance with Union standards in terms of plant protection and animal welfare by third countries.”</i></b>
<b>Art. 182, par. 1, subpar. 2</b>	This subparagraph specifies the calculations of the trigger volume and price, demanding that the latter should take global markets’ developments and production cost into account.	<b><i>“The trigger volume shall be based on market access opportunities defined as imports expressed as a percentage of the corresponding domestic consumption during the three previous years. It shall regularly be redefined to take changes in the size of the Union market into account. The trigger price shall regularly be redefined to take developments in global markets and production costs into account.”</i></b>

- Art. 188a: *Should be integrated in the final CMO as it allows to avoid unfair competition, environmental and climate damage and undermining of EU standards. Protecting the environment and fighting the climate crises and promoting high EU standards overall, are also goals of the Green Deal.*

Nr.	Summary	EP version
<b>Art. 188a</b>	This article specifies the conditions under which agricultural products can be imported from third countries, demanding that they should comply with EU production standards and obligations.	<b><i>“Article 188a</i></b> <b><i>Import of agriculture and agri-food products from third countries</i></b> <b><i>Agriculture and agri-food products may only be imported from third countries if they comply with production standards and obligations consistent with those adopted, in particular in the field of environmental and health protection, for the same products harvested in the Union or made from such products. The Commission may adopt implementing acts laying down rules on compliance applicable to operators with regard to imports, taking into account reciprocity agreements with third</i></b>

		<b><i>countries. Those implementing acts shall be adopted in accordance with examination procedure referred to in Article 229(2)."</i></b>
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- Art. 208: *Should be amended according to the EP's version as it adds "suppliers" and therewith the crucial, but yet vulnerable group of (primary agricultural) producers. This can be one step in fighting unfair competition in the sector and contribute to the F2F-goal of strengthening farmers' position in the food supply chain.*

<b>Nr.</b>	<b>Summary</b>	<b>EP version</b>
<b>Art. 208</b>	This article defines a „dominant position“ in the market. The definition now also includes suppliers as market players being negatively affected by a dominant undertaking.	<p>"Article 208</p> <p>Dominant position</p> <p>For the purposes of this Chapter, "dominant position" means a position of economic strength enjoyed by an undertaking which enables it to prevent effective competition being maintained in the relevant market by giving it the power to behave to an appreciable extent independently of its competitors, <b>suppliers</b>, customers and ultimately of consumers."</p>

- Art. 218a: *Should be integrated as an observatory for numerous agricultural sectors will contribute to overall sector transparency and stability as well as fairer incomes.*

<b>Nr.</b>	<b>Summary</b>	<b>EP version</b>
<b>Art. 218a</b>	This article establishes an EU observatory of agricultural markets with the duty to collect economic statistical data and information as well as to produce annual reports to be sent to the EU Council and the European Parliament.	<p><b><i>"Chapter IIa</i></b></p> <p><b><i>Transparency of the markets in agricultural products</i></b></p> <p><b><i>Article 218a</i></b></p> <p><b><i>EU Observatory of agricultural markets</i></b></p> <p><b><i>1. In order to improve transparency within the agri-food supply chain, to illuminate the choices of economic operators and all public authorities and to facilitate the identification and recording of market developments, the Commission shall establish an EU observatory of agricultural markets ( "the Observatory").</i></b></p> <p><b><i>2. The Observatory shall cover, as a minimum, the following agricultural sectors as defined in Article 1(1):</i></b></p>

		<p><i>(a) cereals;</i></p> <p><i>(b) sugar, sugar beet and sugar cane;</i></p> <p><i>(c) olive oil;</i></p> <p><i>(d) fruit and vegetables;</i></p> <p><i>(e) wine;</i></p> <p><i>(f) milk and milk products;</i></p> <p><i>(g) beef and veal;</i></p> <p><i>(h) pigmeat;</i></p> <p><i>(i) sheepmeat and goatmeat;</i></p> <p><i>(j) poultrymeat.</i></p> <p><b>3. The Observatory shall collect the statistical data and information necessary for producing analyses and studies concerning:</b></p> <p><i>(a) production and supply;</i></p> <p><i>(b) price formation mechanisms and, as far as possible, profit margins throughout the agri-food supply chain in the Union and the Member States;</i></p> <p><i>(c) price trends and, as far as possible, profit margins at all levels of the food supply chain in the Union and the Member States and in all agricultural and agri-food sectors;</i></p> <p><i>(d) short- and medium-term market forecasts</i></p> <p><i>(e) trends in imports and exports of agricultural products, in particular the filling of tariff quotas for the importing of agricultural products into Union territory.</i></p> <p><b>The Observatory shall produce annual reports containing the elements referred to in the first subparagraph and shall send them to the European Parliament and the Council.</b></p> <p><b>4. The Member States shall collect the information referred to in paragraph 3 from agricultural products processing enterprises or other operators active in the trade in agricultural products, and shall send it to the Observatory.</b></p> <p><b>That information shall be deemed to be confidential and the Observatory shall ensure that specific prices or names of individual</b></p>
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		<p><i>economic operators are not published.</i></p> <p><i>The Commission may adopt implementing acts to put in place a system of notification and reports in order to apply this article. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 229(2)."</i></p>
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- **Art. 218b:** *Needs to be integrated as an early warning mechanism would help to anticipate and better prepare for impending crises. However, the case of crisis still has to be appropriately defined in order that appropriate instruments can be implemented in a truly timely manner.*

Nr.	Summary	EP version
<b>Art. 218b</b>	This article describes the establishment of an early warning mechanism and alert thresholds. It includes the obligation to notify the Council and Parliament of threats of market disturbances.	<p><b>1. The Observatory shall set up an early warning mechanism and alert thresholds and shall notify the European Parliament and the Council where the relevant alert threshold is exceeded, of threats of market disturbances caused, in particular, by significant price rises or falls on internal or external markets or by other events or circumstances having similar effects.</b></p> <p><b>The alert thresholds shall be established:</b></p> <p><b>(a) where the weighted average market price is less than [XX%] of the average price for [X] consecutive weeks after eliminating the highest and the lowest references for weekly prices or [X] consecutive months for monthly price.</b></p> <p><b>(b) where the weighted average market price is more than [XX%] of the average price for [X] consecutive weeks after eliminating the highest and the lowest references for weekly prices or [X] consecutive months for monthly price.</b></p> <p><b>The Commission shall, within a maximum period of 30 days from the date of the Observatory's notification, present to the European Parliament and the Council the market situation for the product concerned, the causes of the market disturbances and, where appropriate, the possible measures to</b></p>

		<i>be taken, in particular those provided for in Chapter 1 of Title I of Part II of this Regulation, and/or Articles 219, 219a, 220, 221 and 222 or give reasons for not taking such measures.”</i>
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- **Art. 219a:** *Needs to be integrated into the final CMO as this voluntary reduction – in combination with the temporary production cap in the new art. 219b – would allow to efficiently fight chronic crises. Articles 219a and 219b are key priorities for us as they allow appropriate reactions to severe crises and as they provide producers with the possibility to take responsibility for their own sector and to avoid price drops with all the negative consequences witnessed during former crises. These provisions allow for a truly market conform reaction that would not increase the offer in times of low prices.*

Nr.	Summary	EP version
<b>Art. 219a</b>	This article sets up a voluntary reduction scheme during times of market crisis.	<p><b>“Article 219a</b></p> <p><b>Volume Reduction Scheme</b></p> <p><b>1. In the event of severe imbalances in the market and provided that production techniques so allow, the Commission is empowered to adopt delegated acts in accordance with Article 227 supplementing this Regulation by granting aid to producers in a sector referred to in Article 1(2), who for a defined period shall reduce their delivery in comparison to the same period of the previous year.</b></p> <p><b>In order to ensure that that scheme is implemented effectively and appropriately, those delegated acts shall establish:</b></p> <p><b>(a) the maximum total volume or quantity of delivery to be reduced at Union level in the framework of the reduction scheme;</b></p> <p><b>(b) the duration of the reduction period and, if necessary, its prolongation;</b></p> <p><b>(c) the amount of aid in accordance with the reduced volume or quantity and its financing arrangements;</b></p> <p><b>(d) the criteria for applicants to be eligible for the aid and for applications for aid to be admissible</b></p> <p><b>(e) the specific conditions for the</b></p>

		<p><i>implementation of this scheme.</i></p> <p><b>2. The aid shall be granted on the principle of an application by producers submitted within the Member State in which the producers are established, using the method laid down by the Member State concerned.</b></p> <p><b>Member States may decide that applications for reduction aid are to be submitted on behalf of producers by recognised organisations or by cooperatives established in accordance with national law and/or by individual producers. In that case, Member States shall ensure that the aid is fully transmitted to producers who have effectively reduced their delivery."</b></p>
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- **Art. 219b: Needs to be integrated into the final CMO as the therein proposed avoidance of production increases in times of crises would help to compliment the efforts carried out via the voluntary reduction mentioned in the new Art. 219a in case the latter would prove insufficient in effectively stabilising the market. It is regrettable that the proposed par. 5 in Art. 219b has just barely not entered into the EP's position. It would have allowed for an obligatory production reduction in case of a severe and long-lasting crisis given that the aforementioned measures would in some rare cases not be enough to rebalance the market.**

<b>Nr.</b>	<b>Summary</b>	<b>EP version</b>
<b>Art. 219b</b>	This article sets up a temporary production cap, i.e. a levy for farmers increasing their production during the running of the voluntary reduction scheme. This temporary production cap could be activated if, despite prior voluntary reductions, the crisis continues or deteriorates.	<p><b>"Article 219b</b></p> <p><b>Measures to stabilise production in periods of severe market disturbances</b></p> <p><b>1. Where the Commission has adopted delegated acts pursuant Article 219a, in the event that the severe market imbalances are likely to continue or to deteriorate, the Commission is empowered to adopt delegated acts in accordance with Article 227 supplementing this Regulation with a view to supplementing the measures pursuant to Article 219a by imposing a levy on all producers in a sector referred to in Article 1(2), who, increase their delivery in comparison to the same period of the previous year:</b></p> <p><b>(a) over the same period defined under Article 219a on duly justified imperative grounds;</b></p> <p><b>(b) over a new period of reduction, if the</b></p>



		<p><i>participation of producers under Article 219a has not been sufficient to rebalance the market.</i></p> <p><b>2.</b> <i>When triggering the measure referred to in paragraph 1, the Commission shall take into account the development of the production costs, particularly the costs of inputs.</i></p> <p><b>3.</b> <i>In order to ensure that the scheme is implemented effectively and appropriately, the Commission is empowered to adopt, in accordance with Article 227, delegated acts supplementing this Regulation by establishing:</i></p> <p><i>(a) the amount and conditions governing the levy imposed on producers who increase their volumes or quantity during the reduction period;</i></p> <p><i>(b) the specific conditions for the implementation and complementary of this scheme with the volume production reduction scheme referred in Article 219a.</i></p> <p><b>4.</b> <i>Those measures may be accompanied if necessary by other measures under this Regulation particularly those provided for in Article 222.”</i></p>
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- Part V – Chapter I – Section 4 – title: *The EP’s amendment should be integrated as it underlines the goals of preventing and effectively attenuating crises in case they still arise.*

Nr.	Summary	EP version
<b>Part V – Chapter I – Section 4 – title</b>	Title replacement, so that <b>prevention</b> of and the <b>dealing with</b> market disturbances has now been added to the title	<p><b>(26I)</b> <i>In Section 4, the title is replaced by the following:</i></p> <p>Agreements and decisions <b>to prevent market disturbances and to deal with</b> severe imbalance in markets</p>

- Art. 222: *The EP's amendments should be integrated as they underline the goal of also preventing crises and to effectively manage and attenuate them in case they still arise.*

Nr.	Summary	EP version
<b>Art. 222</b>	This article sets out temporary agreements and decisions of farmers' organisations etc. to which Article 101 (1) TFEU would not apply. I.e. these agreements and decisions would not be prohibited by competition law. One of the proposed amendments for this article explicitly mentions as goals the prevention of and dealing with crises.	<p>"Article 222</p> <p>Application of Article 101(1) TFEU</p> <p>1. <b><i>To prevent market disturbances and to deal with</i></b> severe imbalance in markets, <b><i>in accordance with Article 219</i></b>, the Commission may adopt implementing acts to the effect that Article 101(1) TFEU is not to apply to agreements and decisions of farmers, farmers' associations, or associations of such associations, or recognised producer organisations, associations of recognised producer organisations and recognised interbranch organisations in any of the sectors referred to in Article 1(2) of this Regulation, provided that such agreements and decisions do not undermine the proper functioning of the internal market, strictly aim to stabilise the sector concerned and fall under one or more of the following categories,</p> <p>(a) market withdrawal or free distribution of their products;</p> <p>(b) transformation and processing;</p> <p>(c) storage by private operators;</p> <p>(d) joint promotion measures;</p> <p>(e) agreements on quality requirements;</p> <p>(f) joint purchasing of inputs necessary to combat the spread of pests and diseases in animals and plants in the Union or of inputs necessary to address the effects of natural disasters in the Union;</p> <p>(g) temporary planning of production taking into account the specific nature of the production cycle.</p> <p>The Commission shall specify in implementing acts the substantive and geographic scope of this derogation and, subject to paragraph 3, the period for which the derogation applies. Those implementing acts shall be adopted in</p>

		<p>accordance with the examination procedure referred to in Article 229(2).</p> <p><b>1a. The agreements and decisions adopted in accordance with paragraph 1 by recognised producer organisations or recognised associations of producer organisations or recognised inter branch organisations may be extended in accordance with Article 164, and under the conditions set by the Member State. The extension of rules may not exceed the timeframe referred to in paragraph 3.</b></p> <p>3. The agreements and decisions referred to in paragraph 1 shall only be valid for a period of up to six months.</p> <p>However, the Commission may adopt implementing acts authorising such agreements and decisions for a further period of up to six-months. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 229(2)."</p>
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- *Art. 222a: Needs to be integrated as a managing and monitoring system would allow to deal more effectively with the market disturbances that agricultural producers regularly experience. Furthermore, it would provide the possibility to learn from past crises with a view to avoid or better prepare for future crises. A balanced market is a pre-condition to comprehensive environmental, economic and social sustainability, which, in turn, would ensure high-quality products. To this aim, closely monitoring market developments is a must, as is the planning and implementation of appropriate strategies to counteract imminent distortions, followed by a post-implementation evaluation of the effectiveness of said strategies. This subsequent evaluation would ensure that strategies and tools are constantly improved. This approach would improve the total crisis-management performance of the EU, which would also lead to a notable improvement in the planning possibilities for sectoral stakeholders. That is an important factor because farmers will only continue to operate if they can make long-term plans and young farmers are not scared off from taking over farms by chronic, recurrent crises.*

Nr.	Summary	EP version
<b>Art. 222a</b>	This new article deals with the crisis monitoring and management by the European Commission, demanding it being based on work from the EU	<p><b>"Article 222a</b></p> <p><b>Market disturbance monitoring and management plans</b></p> <p><b>1. With a view to achieving the CAP objectives set out in Article 39 TFEU, in</b></p>

	<p>observatory and the early warning mechanism. It also points out the use of exceptional measures and the reporting on and evaluation of the applied strategies.</p>	<p><b><i>particular the specific objective of market stabilisation referred to in point (b) of Article 1a of this Regulation, the Commission shall establish plans for the monitoring and the management of market disturbances defining its intervention strategy for each agricultural product referred to in Article 1 of this Regulation.</i></b></p> <p><b><i>2. The Commission shall base its intervention strategy on the work of the EU Observatory of agricultural markets referred to in Article 218a, including on the early warning mechanism provided for in Article 218b.</i></b></p> <p><b><i>3. In the event of market disturbances, the Commission shall mobilise in a timely and efficient way the exceptional measures provided for in Chapter I of Part V, where applicable in addition to the market intervention measures provided for in Title I of Part II in view of with the aim of rapidly restoring balance on the concerned market while providing the most appropriate responses for each sector affected.</i></b></p> <p><b><i>4. The Commission shall establish a performance framework allowing for reporting, monitoring and evaluation of the market disruption monitoring and management plans during its implementation.</i></b></p> <p><b><i>5. By 30 November each year, the Commission shall publish an annual report on the implementation of the plans for the monitoring and management of market disturbances and the improvements in its intervention strategy.</i></b></p> <p><b><i>The annual report shall be presented annually to the European Parliament and the Council and shall aim to evaluate the performance of the plan with regard to impact, effectiveness, efficiency, and coherence of the tools provided for in this Regulation, and evaluate the use by the Commission of its prerogatives, and the budget, with regard to the monitoring, prevention and management of market disturbances.”</i></b></p>
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- Art. 225: *The EP's amendments should be integrated as they allow for more transparency in the handling of crises and for a better understanding of the effectiveness of the mentioned instruments.*

Nr.	Summary	EP version
Art. 225	This article sets out reporting obligations of the EC to the Council and EP.	<p>"Article 225</p> <p>Reporting obligation of the Commission</p> <p>"The Commission shall present a report to the European Parliament and to the Council:</p> <p>(b) <b><i>every four years and for the first time</i></b> by 30 June <b>2022</b>, on the development of the market situation in the milk and milk products sector, and in particular on the operation of Articles 148 to 151, <b>Article 161</b> and Article 157, assessing in particular the effects on milk producers and milk production in disadvantaged regions in connection with the general objective of maintaining production in such regions, and covering potential incentives to encourage farmers to enter into joint production agreements, together with any appropriate proposals;</p> <p>(d) by 31 December <b>2021, and then every three years</b>, on the application of the competition rules to the agricultural sector in all Member States, in particular on the operation of Articles 209 and 210, and of Article <b>152</b>;</p> <p><b><i>(da) By 30 June 2021, on the Commission's strategy to use the provisions in the Regulation effectively to prevent and manage internal agricultural market crises that may occur following the United Kingdom's withdrawal from the Union.</i></b></p> <p><b><i>(db) by 31 December 2021, on the market observatories set up in accordance with Article 218a and the Commission responses to their notifications and use of the crisis management tools in particular in accordance with Articles 219, 219a, 219b, 220, 221 and 222.</i></b></p> <p><b><i>(dc) by 31 December 2021, on the potential of new information and communication technologies to modernise the Commission's relations with national authorities and</i></b></p>

		<p><b><i>companies, so as to ensure better market transparency in particular.</i></b></p> <p>(e) by 31 July 2023, on the application of the allocation criteria referred to in Article 23a(2);</p> <p>(f) by 31 July 2023, on the impact of the transfers referred to in Article 23a(4) on the effectiveness of the school scheme in relation to the distribution of school fruit and vegetables and school milk."</p>
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