

Food prices and farm revenues

EU action needed to address dysfunctional food chain and ensure fair prices for farmers and consumers

The European Parliament today adopted a report on fair revenues for farmers and a better functioning of the food supply chain. The report, by Greens/EFA draftsman/rapporteur José Bové, calls on the Commission to introduce measures to combat the distorting effect of market concentration and abuse of dominant market positions in the food chain, with a view to ensuring fairer prices for farmers and consumers. Speaking after the vote, French Green MEP **José Bové** said:

"Our food supply chain is growing increasingly dysfunctional. Despite ever-declining farm gate prices, which threaten the livelihoods of European farmers, consumers are faced with constant or increasing food prices. At a global level, the severe consequences of this food chain distortion have been once again brought sharply into focus with the current price spikes for various basic foodstuffs (notably wheat), which are causing hunger and unrest in the world's poorest countries. Against this background, it is welcome that a large majority of MEPs voted in favour of a strong report, despite last-minute lobbying by the agro-food industry to dilute some key elements of the report.

"The European Commission has already expressed concern about the growing concentration in the food processing and retailing sector, and the apparent abuse of dominant buyer power. It must act to ensure this abuse of market power is redressed. The report adopted today sets out a number of steps to address these problems. Tackling the abuse of market power means both strengthening the bargaining power of farmers but also, importantly, directly acting against abusive buyer practices.

"Explicitly, the Commission must take measures against practices that impose low farm gate prices through high volume requirements. It must also take action against anti-competitive practices, notably resale at a loss (below cost selling). Increasing transparency is crucial, and the report calls for the setting up of an Observatory of food prices at each step of the chain to track profit margins and define bottom prices that take into account the true costs of production and guarantee a fair income to farmers.

"Finally, the Commission must take steps to address the potentially devastating volatility in food commodity markets, the effects of which we are once again witnessing. Speculation on food commodities is literally speculation with the lives of the people dependent on those commodities. It is a crime that should not be tolerated. The Commission must take the initiative and propose the creation of a World Commodities Regulatory Agency and take other concrete measures to stop this scandalous situation."

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