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NOTE

From: General Secretariat of the Council
On: 31 March 2016
To: Delegations

Subject: Outcome of the political Forum "Rethinking the Food Supply Chain"
(Kaunas, Lithuania, 31 March 2016)
- Requested by the Lithuanian delegation

In view of the "Agriculture and Fisheries" Council of 11 April 2016, delegations will find attached a document provided by the Lithuanian delegation on the above-mentioned subject, that will be presented under the agenda point "Any other business".

Outcome of the Political Forum Rethinking the Food Supply Chain

Kaunas, Lithuania, 31 March 2016

In the framework of the traditional 21st international exhibition for agriculture and food industry AgroBalt 2016, the Ministry of Agriculture of the Republic of Lithuania hosted a political forum entitled Rethinking the Food Supply Chain (?) which took place in Kaunas on 31 March 2016.

The agenda of the political forum included two panel sessions, the first of which focussed on economics and sustainability within the food supply chain. The second panel session was devoted to issues related to management and credibility of the food supply chain.

Two Members of the European Commission, responsible for Agriculture and Rural Development and for Health and Food Safety, took part in the event as along with ministers and other high level government officials from the EU Member States and non-EU countries, representatives of the Agricultural Markets Task Force of the European Commission, Food and Agriculture Organization of the United Nations, European Economic and Social Committee, stakeholders from different farmers organizations.

In the **first session of the forum** the discussions were mainly concentrated on the factors boosting competitiveness in the food supply chain and the means to ensure the balance in the food supply chain.

The panellists stressed the current difficulties in the market for many farmers, in particular those who specialized in dairy or pigmeat production, and discussed solutions to address market imbalances and create conditions for ensuring a well-functioning food supply chain. It was noted that the EU food chain embraced a number opportunities, but also faced many challenges such as food security and climate change. The speakers expressed their concerns about the weakening position of farmers in the supply chain and at the same time stressed their key role in the food supply. They agreed that the balance of power among different actors throughout the chain should be carefully examined and action needs to be taken to deal with shortcomings that are identified.

Most of the participants stressed the importance of fair distribution of the added value in the food chain for the long term competitiveness of the agricultural sector. They noted the detrimental effect of the existing unfair trading practices to farmers and discussed most effective solutions to tackle those practices in the best possible way. In this context the role of the recently adopted regulatory measures at the national level was outlined in order to strike a better balance

between the different types of operators in the chain. In addition, the possibility of re-assessing the need for action at the EU level to address unfair trading practices was noted in case the balance between operators in the chain failed to improve.

It was agreed that a stronger position of farmers could be achieved by introducing better tools for dealing with market disturbances and providing further incentives for farmers to enhance cooperation, join producer organisations and boost farmers' bargaining power in contract negotiations. Joint initiatives of stakeholders of the food supply chain could improve the efficiency and competitiveness of the food sector and reduce imbalances in trade relations among the different operators along the food supply chain, within a framework of fair competition in the form of voluntary codes of conduct, memorandums, etc.

The potential contribution of the recently established Agricultural Markets Task Force was highlighted with regard to strengthening the farmer's position in the food chain and addressing such challenges as transparency, collective self-help tools, contractual relations, access to financing and futures.

The second session of the forum covered the issues related to control systems in the food supply chain, labelling of products and the place of innovative products in the food supply chain.

Participants pointed out the growing concern among consumers regarding food safety and food quality as a result of food scandals and frauds over the last years. They agreed that the efficiency of the official controls of the food chain is key to ensuring a high level of food safety and quality of the EU production, as well as of the imports. The speakers expressed their confidence that new EU rules on official controls would help harmonizing the enforcement of the food safety and quality standards throughout the EU.

Furthermore, food labelling was recognized as the suitable instrument to ensure the consumer's trust in the food supply and guarantee the transparency in the food supply chain. It was noted that further improvement of labelling systems was inevitable in order to help consumers make easier choices on the food they buy by providing clearer and more accurate information about the content and origin of food products in a way both effective for businesses and useful to the consumers. What concerns origin labelling, a proper balance between mandatory and voluntary labelling rules should be found, taking into consideration the consumer's attitude, additional costs and a possible administrative burden on the producers.

It was acknowledged that innovative adaptive practices and technologies across the full scope of the food supply chain are essential in the context of a growing global population and limited natural resources. The participants noted that the latest technologies and production processes, as well as globalisation, offered consumers innovative or the so-called *novel food* and

benefit of a broader choice of food. It was stressed that innovative food in the market should be brought on the condition that the highest possible level of food safety for consumers is ensured.

As concerns genetically modified organisms (GMOs), it was noted that the view on GMOs by European consumers remains cautious, despite the very strict European regulatory system which ensures that GMOs are marketed only if safe. It was unanimously agreed that GM food must be properly labelled so that the consumers are kept well-informed.

The participants also indicated the problem of the growing threat of antimicrobial resistance, its massive negative consequences for human health and the economy and agreed on the further need for joint European action from the perspective of human health, veterinary, environment and other relevant fields.

The increasingly important role of agricultural trade to the European agri-food sector was emphasized in view that the global demand for high-quality food will continue to grow in the coming decades which suggests exciting opportunities to the agri-food sector. It was also highlighted that international negotiations for the opening of new markets such as TTIP should ensure the protection of EU high standards in food safety and quality.

