

Opening Statement – Check against delivery

Opening Statement, **European Commission**
DG Agriculture & Rural
Development,
10.04.2024

Honourable Members,
Ladies and Gentlemen,

- Thank you for the invitation to today's technical meeting on the new exclusion from competition rules on sustainability initiatives – Article 210a of the CMO Regulation - and the recently adopted Guidelines providing further clarifications and guidance.
- This exclusion has been introduced in the last reform of the Common Markets Organisation Regulation by the European co-legislators to boost sustainable agricultural production practices and enable cooperation among farmers and cooperation with other operators within the agri-food supply chain to achieve those more ambitious standards.
- The European Competition rules generally prohibit agreements between companies that restrict competition, such as agreements that lead to higher prices or lower quantities, including fixing of prices or quantities.
- However, the new exclusions under Article 210a of the CMO Regulation excludes certain voluntary agreements in the agricultural sector from that prohibition, when those agreements are indispensable to achieve sustainability standards going beyond the mandatory EU or national rules.
- Who can benefit? Farmers are at the core of this new exclusion, but also other operators necessary to achieve the more ambitious standard can be part of the agreement. For example, companies supplying inputs for production, distributing, transporting, or packaging the product. At the same time this means that agreements without agricultural producers cannot benefit from the exclusion. In addition, the agreements must always relate to agricultural products according to the Treaty, i.e. raw material directly from farming and products with a low degree of processing such as cheese, milk, vegetable oil, sugar, jams or preserved meat, etc.
- What objectives may be covered under the sustainability agreements to benefit from the exclusion? The objectives are laid down in Article 210a and involve (i) climate change mitigation and adaptation, as well as environmental protection; (ii) reduction of pesticide use and antimicrobial resistance; and (iii) animal health and welfare. However, agreements pursuing economic and social aspects of sustainability objectives like e.g., fair remuneration for farmers or working conditions of farm workers, fall outside the scope of the exclusion.

- In order to benefit from the exclusion, parties need to agree on the adoption of a sustainability standard that is higher than what is mandatory under EU or national law. We need to avoid that greenwashing becomes a justification to deviate from competition rules.
- To benefit from the exclusion, sustainability agreements can only include restrictions that are indispensable – necessary - to achieve a sustainability standard. In particular, if there are weaker restrictions of competition that would allow to achieve the sustainability goal pursued, they should be preferred to stronger restrictions.
- The Guidelines detail how to assess in practice whether a given restriction of competition is indispensable. For instance, operators can agree on payments to producers to cover additional costs as well as a monetary incentive for producers to take the risk of adopting the standard.
- There is no need to notify the agreements to the Commission or the national competition authority, but due to the novel character of the exclusion, farmers and their associations may request opinions from the Commission on their sustainability agreements, obtain legal certainty.
- The Commission and the national competition authorities may review the agreements ex-post in cases where the implementation of a sustainability agreement leads among others to unreasonable consumer prices or to the elimination from the market of a product for which there is significant consumer demand.
- The new exclusion from competition rules aims at reinforcing cooperation by actors of the whole supply chain, ensuring that farmers get a fair economic return for their efforts to enhance sustainability of production beyond what is currently mandatory.
- Thank you for your attention.