



Ref: 19MAS27
Brussels, 15 October 2019

Re: Draft Polish Law – Minimum Price

Dear Sir or Madam,

COCERAL, FEDIOL and FEFAC are the European associations that together represent sectors that collect and trade cereals and oilseeds, crush oilseeds, process feed material and provide feedstock to food and to non-food industries and compound feed to livestock industry.

We are writing to you regarding a draft Polish law currently under consultation in TRIS (2019/0340/PL).

As part of this draft law, we understand that the Polish authorities propose to set up the reference price for particular products, including cereals and rapeseed. Calculation of the reference price would be determined annually on a basis of a price formula with a period of reference of three years. Purchase of agri-products from the list at prices below the reference price would result in an examination procedure by the Office of Competition and Consumer protection, and in the event of a fraudulent use of contractual advantage from the buyer relative to the supplier, there would be the possibility of imposing a fine of up to 3% of the previous financial year's turnover, which clearly grants this reference price a "minimum price" status.

Our interpretation is that this proposal would go against the competence of the EU in agricultural matters, the proper functioning of the single market and the free movement of goods. As such, it could end up isolating the Polish cereal and rapeseed sectors from the EU and global markets.

A member state has the possibility to regulate in agriculture matters, only if the EU has chosen not to. In this case, Poland argues that the purpose of this act is to strengthen the position of agricultural producers in the food supply chain and to clarify the existing provisions. However, the EU Commission has established in the CAP a common EU framework of intervention for cereals that protect farmers from low market prices and has been working towards strengthening their position through the Directive on Unfair Trading Practices and the future regulation on market transparency as well as providing public data and information via the EU crops market observatory covering cereals, oilseeds and protein crops. We find the inclusion of this minimum price criterion by Poland to go further than what the EU has already envisioned for farmers.

If the reference price would be for products produced in Poland, we see that this will create a disconnect between prices in the domestic market, in the rest of the EU and on the world market. Since EU markets are open to the world, the EU shares the price trends for cereals and oilseeds, including rapeseed, prevailing in the world market. Annually fixed Polish prices would not reflect the evolution of the market, positively or negatively, nor would they adapt to export markets, thus hampering trade and the free movement of goods from Poland.

For grains and oilseeds, well-developed and accessible EU and global futures and derivatives markets allow for all operators to build efficient and effective risk management and hedging

strategies to manage price and various other risks related to their business activities. Such risk management ensures that operators can produce and deliver food, feed and non-food product to EU consumers at predictable and stable prices. For all operators, futures markets provide market transparency and dampening of market volatility.

Operators will not be able to enter into future contracts for forwards of more than 6 months, as the reference prices will be unknown. The inclusion of an annually fixed minimum reference price in contracts with farmers does not take into account developments and dynamic price trends on EU and global markets. This would inhibit operators from developing effective and efficient risk management strategies since it will not reflect price developments on those markets. Eventually it could prevent Polish products from reaching the markets as it is no longer representative and competitive in EU and global markets.

Finally, although in effect, this measure would be detrimental to Polish farmers as limiting their export markets access, the theoretical objective of the Polish Ministry would be to give contractual advantage to Polish farmers, discriminating other EU farmers and businesses that continue to sell their products in the Polish market according to the evolution of the respective market prices and conditions.

We welcome the granted extension of the standstill period under TRIS in order for Poland to review this law. We would also appreciate if the EU Commission could provide us with its detailed opinion on this draft regulation.

We remain available for any additional information you may require to assess our request.

Yours sincerely,



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Secretary General
COCERAL



Nathalie Lecocq
Director General
FEDIOL



Alexander Döring
Secretary General
FEFAC

COCERAL is the **European association of trade in cereals, rice, feedstuffs oilseeds, olive oil, oils and fats and agrosupply**. It represents the interest of the European collectors, traders, importers, exporters and port silo storekeepers of the above-mentioned agricultural products. COCERAL's direct members are located in 14 EU countries, with one European association, Unistock representing the professional portside storekeepers for agribulk commodities within the EU and one associated member in Switzerland. With about 3000 companies as part of COCERAL national members, the sector trades agricultural raw materials destined to the supply of the food and feed chains, as well as for technical and energy uses. Gafta is an extraordinary member of COCERAL.

FEDIOL, the **EU vegetable oil and proteinmeal industry association**, represents the interests of the European oilseed crushers, vegetable oil refiners and bottlers. FEDIOL members are 10 national associations and associated company members in 7 other EU countries. With about 180 facilities in Europe, the sector provides 20,000 direct employments. Its members process approximately 55 million tonnes of basic products a year, both of EU origin and imported from third country markets. The sector processes notably rapeseed, sunflower seed, soybeans and linseed into oils and meals for food, feed, technical and energy uses essentially on the European market.

FEFAC, the **European Compound Feed Manufacturers' Federation**, represents 23 national Associations in 23 EU Member States as well as Associations in Switzerland, Turkey, Serbia, Russia and Norway with observer/associate member status. The European compound feed industry employs over 100,000 persons on app. 3,500 production sites often in rural areas, which offer few employment opportunities.