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DÉVELOPPEMENT SCIENTIFIQUE ET PRATIQUE DU DROIT
RURAL DANS L'UE, DANS LES ÉTATS ET LES RÉGIONS ET
DANS L'OMC – SCIENTIFIC AND PRACTICAL DEVELOPMENT
OF RURAL LAW IN THE EU, IN STATES AND REGIONS AND IN
THE WTO – WISSENSCHAFTLICHE UND PRAKTISCHE
ENTWICKLUNG DES RECHTS DES LÄNDLICHEN RAUMS IN
DER EU, IN DEN STAATEN UND REGIONEN SOWIE IN DER WTO

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"The Livestock Regional Council of Castilla-La Mancha, the legal framework to encourage the participation of those involved in livestock farming in the region."

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Abstract:

The livestock farming includes important sectors for the economy and its development has direct consequences for the citizens. Currently, the basic cattle products are responsible only for a small proportion of the total costs of food production, and there are other phases of the production chain that give most of the selling prices. The companies that are part of the food chain share common aims as obtaining the highest possible efficiency, quality improvement and opening of new markets, and for this reason the livestock farmers, who are the food producers, cannot remain isolated from the links in the chain up to the consumer.

Taking this into account, as well as the current difficult economic and financial situation, the Government of Castilla-La Mancha has adopted a "Regional Strategy of the Livestock of Castilla-La Mancha" in order to give this activity the support it deserves.

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1. - Introduction

"Livestock farming" includes tasks that go beyond what takes place daily in farms. Participation of the food industry, the transformation and distribution companies, as well as all professionals who contribute with their advice to the progress of livestock, are crucial in the development of this activity. These all constitute a whole which is responsible for providing the consumers with foods of animal origin, by ensuring higher safety assurance, varied and differentiated quality, and that composes the ***food chain***.

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Thus, the livestock farming includes important sectors of the economy whose results have direct implications for all citizens. The companies in the chain share the common goals of producing food in the most efficient way, improving the quality of the products and opening new markets. It is not possible to keep the livestock sector and the food producers outside the links in the chain up to the consumer.

This situation leads to a situation in which basic cattle products are responsible for only a small proportion of the total costs of production of foodstuffs. There are other phases of the chain which are responsible for the bulk of the selling prices. This has negative consequences on consumers who cannot benefit from lower prices. At the same time, it slows down the recovery of basic product prices and reduces the food demand. It has to be added the increasing complexity of the food chain as a result of the application of the principles of food safety and traceability. In this context, the improvement of their performance is crucial to ensure a balanced distribution of added-value in all phases, contributing to the strengthening of its global competitiveness.

Taking into account these aspects, as well as the current economic and financial crisis, the Regional Ministry of Agriculture and Environment has developed a ***Regional Strategy for Livestock of Castilla-La Mancha*** in order to provide the required support to livestock farming in the region. This document considers, therefore, actions aimed not only at producers, but also to the entire value chain of cattle products from farms to consumers. The food industry and distribution have a crucial role to reduce, as much as possible, the production costs, to foster the participation of farmers in the successive stages of the chain and to achieve a more equitable distribution of the added value.

The Regional Government approved on September 21, 2010, the 2015 Regional Strategy for Livestock, which sets out the main objectives for the modernisation and the promotion of the viability of the livestock farming in Castilla-La Mancha. One main goal is to establish the ***Livestock Regional Council (LRC)***, which should have a structuring and participatory. All livestock farming stakeholders are represented in the LRC. The Council is at the same time an advisory body to the administration and a permanent forum for dialogue in order to achieve and ensure the competitiveness and stability of the livestock farming in the region.

2.- The legal context

The *lack of cogency of the structure and organisation* of 'our new approach to livestock farming' in the region raises cohesion and development issues, including a weak associative structure, a general lack of contracts, insufficient information about transactions and operators, limited market transparency. Not only these conditions depict a picture far from the fair competition ideal, but the bargaining power of producers was reduced, so they experienced difficulties in facing the imbalances of the chain when the concentration of supply failed. This required action to be taken so that the structure is backed by a legal framework to promote it.

Producers demand the maintenance of their income, which is an objective of the CAP set out in Article 33 of the Treaty on the functioning of the European Union (TFEU). They claim that the price margin between producer and consumer is high. However, when stimulating the producer groups and interbranch organisations, we must consider the regulation on protection of competition that, a priori, considers as a restrictive practice anything limiting competition in the internal market. EU law lays down very strict conditions to derogate from the competition rules in the case of agreements between farm operators. Chapter I of Title VII TFEU (Articles 101 to 109) is devoted to competition rules applicable to companies and no special conditions are provided for a specific economic sector.

To advance in this regard, in October 2009, the *European Commission* presented the communication "**A better functioning food supply chain in Europe**"² setting out the need for action to remove unfair contracts between the parties involved along the food supply chain. Furthermore, as a consequence of the difficult situation on the dairy products market and in anticipation of the removal of the milk quota system on 1 April 2015, *High Level Group on Milk*³ was created to study measures to stabilize the market, which later could be applied to other sectors as well.

² COM (2009) 591 al Consejo, al Parlamento, al Comité Económico y Social y al Comité de las Regiones
"Mejorar el funcionamiento de la cadena alimentaria en la UE"

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2009:0591:FIN:EN:PDF>

³ IP/09/1420.

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1420&format=HTML&aged=1&language=EN&guiLanguage=fr>

On the other hand, the *Council of Agriculture Ministers*⁴ held a meeting in February 2010 dedicated to the market management mechanisms after 2013. During this meeting a document prepared by the Spanish Presidency was discussed, on the instability of the international markets and the increasingly volatile prices of agricultural products. In these conditions there is a need to strike a balance between the market orientation of the CAP, the maintenance of competitive agriculture and recognition of European production model, which implies stronger requirements on producers with the ability to absorb, to some extent, the effects of the volatile international markets and the decline in profitability in farms.

Following the discussion, the ministers backed the *possibility of revising and adapting the current instruments in the CMO to the markets' reality* and in defence of all the operators in the food supply chain. Moreover, in December 2010, the Commission presented a legislative proposal to the Parliament and to the Council *amending Regulation 1234/2007 (CMO) for contractual relations in the milk and milk products*⁵. The amendment was aimed at putting into effect some of them and rebalancing the value chain by the means of strengthening the position of milk producers and better balancing supply and demand.

According to Art. 42 TFEU, the provisions of the chapter relating to rules on competition shall apply to agriculture, to the extent determined by the Parliament and the Council within the framework of art. 43 (2) and reflected in the CMO. For this reason, it is necessary that Council Regulation n°1234 provides for *organizations of producers of milk and dairy products in the Art. 122, and includes interbranch organizations in the Art. 123*.

In the same way and goal for the rest of the agricultural sectors, the Communication of the Commission on the next reform of the CAP: **“The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future”** considers that the CAP must reform⁶ in order “to help to the agricultural sector to be more competitive and to face the economic crisis and the prices, increasingly unstable, that are paid to the farmer” and “to introduce new options to help the farmers to confront the volatility of the prices and their incomes”.

⁴ (Doc 7451/1/10 rev 1)

⁵ http://ec.europa.eu/agriculture/milk/proposal-12-2010/com-2010-728_en.pdf

⁶ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0672:FIN:en:PDF>

3. - Livestock Regional Council of Castilla-La Mancha

The draft decree for the establishment of the Livestock Regional Council of Castilla-La Mancha is developed within this legal context as a ***framework and legal structure governing its establishment***. All stakeholders in the livestock farming activities and food supply chain are expected to be involved in the newly created structure.

The proposed act defines the Livestock Regional Council as a collegial body for consultation and participation of institutions, organizations and groups involved in livestock farming in Castilla-La Mancha. Administratively, the LRC is attached to the Ministry of Agriculture and the Environment, based on the ***principles of good governance***: openness, participation, accountability, effectiveness and coherence.

The intention is to foster participation in order to achieve the objectives and to build confidence in the final results. It is expected that the opening up of the process of preparation, development and implementation of the measures and specific regulation at all stages of the livestock farming activities will result in greater transparency and stronger commitment of all participants, will clarify the role of each of them and will give a more effective response to their concerns and interests.

Once established, the Regional Council will constitute a **sectoral forum** for permanent dialogue, a platform for the expression of the interests of all components of the livestock sector in Castilla-La Mancha, where work is being done in order to achieve and ensure the competitiveness and stability of the farms in the region. Furthermore, it will become a more and more ***active and valid partner*** for public and private administrations and institutions, able to defend and negotiate the interests of the sector based on uniform criteria. It'll also affirm itself as a structuring element for the sector, contributing to the achievement of the common goals.

All these matters need to be addressed having in mind the **representation of all components of the livestock farming** in Castilla-La Mancha bearing in mind the criteria of transparency and commitment to the sector. These criteria need to be enforced by democratic structures and procedures, through the appropriate internal regulations.

4.- Functions of the Livestock Regional Council

On the basis of these principles and objectives, in Article 3 of the draft decree, the **functions** of the Livestock Regional Council are defined: obligation to inform about the draft general provisions on specific issues related to livestock farming; advise the Regional Ministry of Agriculture and Environment on plans and programs relating to livestock that are brought to their attention; make the suggestions as deemed appropriate with respect to plans and programs affecting livestock farming and promote the dialogue between the production, processing and distribution sides in order to promote trade relations among the participants; and propose measures to inform, guide and raise awareness on the characteristics of livestock and food production and their benefits for the citizens. To these, add drafting of reports and proposals, promote initiative of interest for the livestock farming, on their own initiative or on request from the Regional Ministry of Agriculture and Environment.

5.- Composition of the Livestock Regional Council

The Council brings together representatives of the administration, agricultural professional organizations, the various associations of farmers in the region (Table n.º1), of the beekeepers designated by the regional beekeeping committee, the regional groupings for health protection, the agrifood cooperatives, the interbranch organisations, the feedstuff manufacturers, agrifood companies, distribution and professional organizations with advisory role to production and industry, veterinarians and agricultural engineers, as well as consumer representatives.

Table n.º1. Farmers associations Castilla-La Mancha

AFRICAMA	Cow breeders' association of Friesian race
AGABE	Cow breeders' association of Berrenda race
AGRAMA	Sheep breeders' association of Mancha race
AGRACE	Goat breeders' association of Celtibérica race
AGRAL	Sheep breeders' association of Alcarrian race
AGRATA	Sheep breeders' association of Talavera race
ANCLA ANCHOR	Association dairy control of Albacete

ARGAPOR	Regional association of pig farmers
ASOCAMAN-PRE	Horse PRE breeders' association of Castilla-La Mancha
ASOPROVAC-CLM	Producers' association of beef
AVICAM	Poultry Producers' association of Castilla-La Mancha
AVIMANCHA	Poultry Producers' association of Castilla-La Mancha
COMAPOR, SCL	Pig farmers' cooperative
CONSORCIO MANCHEGO	Manchego cheese and Manchego lamb
ASECUN	Rabbit breeders' Federation of Castilla-La Mancha

In order to facilitate their operation, the draft law envisages the possibility to include in the Council regional organizations representing other interests related to its sectoral scope. Moreover, in order to ensure that sufficient information is available in order to allow for more accurate decision making, non-members may attend the LCR meetings so that the Council benefits from their expertise on specific topics to be discussed.

6.- Some short-term objectives of the of Livestock Regional Council of Castilla-La Mancha

With a view to the achievement of short-term objectives, the Livestock Regional Council of Castilla-La Mancha intends to work in areas which promote the **concentration of the supply** of livestock products and **the transparency of market information** to improve competitiveness.

The promotion of the concentration of supply of livestock products requires legal and administrative setups favouring the producers' associations, such as fostering the activity of the **farms' associations** in order to stimulate their ROI, **merging and grouping of livestock protection groups (ADSG)** in order to strengthen active cooperation in the prevention, control, fighting or eradicating the livestock diseases. It would be also helpful in this respect to **reorganize and expand the veterinary service**, with the collaboration of the Council of Veterinary Colleges, in order to develop activities provided for by the food safety regulations like **traceability** (identification and registration), **animal health** and **animal welfare**. This will translate in more effective

programs for the disease eradication, control and surveillance. Examples are the development of IT applications used in the identification of horses and pets (EQUICAM and SIACAM) and electronic certification for animals transferred between farms and slaughterhouses.

It is also necessary to *encourage agricultural producers organizations and interbranch organizations*, as their diffusion in Castilla-La Mancha and the implementation of contracts would be the best way to contribute to the market stability by adapting the production to the demand, both in quantity and quality. Examples of the achievements in this field, by now, is the *Interprofessional Dairy Laboratory Castilla-La Mancha (LILCAM)*, which includes livestock and dairy industries of our region that manage a milk analysis laboratory providing an objective/independent arbitration mechanism in commercial transactions of purchases and sales of milk. It is also a tool for improving and ensuring the quality of raw material and dairy products produced in Castilla-La Mancha for human consumption. There is also the *Centre for Promotion and Sale of Purebred Spanish Horses (PRE)* in Talavera de la Reina, created by a cooperation agreement between the City Council of Talavera de la Reina and the Regional Ministry of Agriculture and Environment, for the breeders' association, aiming at promoting the sale of animals by concentrating the horses so that they are made available to potential buyers, who would not need to visit from farm to farm.

We would also add the development of a *Code of Business Practices in Castilla-La Mancha* inspired by the general principles governing trade relations: transparency, mutual interest, fairness, responsibility, commitment and trust.

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