



Evolution of raw materials for the EU vegetable processing industry

Tomás García Azcárate



The reform proposal

1. Freedom to farm (remove article 51)
2. Decoupling of current support to some raw material intended for processing



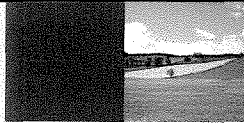
The (logical and understandable) fears

1. Unfair competition (from the producer side)
2. Lack of raw material for the processing industry (from the industry side)



The producer fears I

- Not compatible with the decoupling logic
- Already the case in NMS and regionalised countries
- The easiest shifts have already be done



The producer fears II

- Major simplification (no more stickers; no more “catch crop” problem)
- Answer to concerned linked to new rotational requirements
- Different existing labour force regulations amongst the MS have a greater impact on comparative advantages.

AGRI C-2

April 2006

5



The industry fears I

- It is a dramatic change. A transition is needed
- Some farmers will stop providing ...
- But some other will come

AGRI C-2

April 2006

6



The industry fears II

- Different situations per Member States, even per regions
- Different situations per products
- Different situation per industries and even ...
- Different situation per MS, regions, products and industries



The industry fears III

A single diagnostic is not possible, depending of:

- Production cost of the raw material
- Transport cost from farm to the industry
- Alternative crops
- Industrial product mix



Conclusion

- Freedom affraids
- A transition is needed but
- We can rely on our farmers and our manufacturers.

They know what, they now how, they now when